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ABSTRACT

This book is designed to help students in grades K-2 make better decisions as spenders, savers, borrowers, and managers of money. The learning experiences focus on personal finance and money management. The 14 lessons are divided into 4 units focusing on money, spending, saving, and borrowing and credit. Lesson titles include: (1) "A Very Good Day for Money"; (2) "What Is Money?"; (3) "Money Lets Me Choose"; (4) "Consumers Choose to Spend"; (5) "Spending Decisions Go On and On"; (6) "Opportunity Costs Are Everywhere"; (7) "Advertising Influences Spending Decisions"; (8) "Why We Save"; (9) "Budgeting Is a Way to Plan for Saving"; (10) "Saving Requires Waiting"; (11) "To Borrow or Not to Borrow--That Is the Choice"; (12) "To Lend or Not to Lend--That Is the Choice"; (13) "I Owe You"; and (14) "Demonstrating Money Management." Contains a 44-item glossary of economics terms (EH)

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TEACHER RESOURCE MANUAL

Personal Finance Economics K-2

ED 418 017

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POCKETWISE

Carmen Carter, Jan Heiman, Julie Mitchell, and Jack Morgan

Economics America
National Council on Economic Education

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TEACHER RESOURCE MANUAL

PERSONAL FINANCE ECONOMICS, K-2:

Pocketwise

Carmen Carter, Jan Heiman,
Julie Mitchell, and Jack Morgan

The National Council on Economic Education gratefully acknowledges:

The partnership and support of 10 Consumer Credit Counseling Service agencies in the development of the four Teacher Resource Manuals of Personal Finance Economics.

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Consumer Credit Counseling SERVICE

Cityscape Financial Corp.

EconomicsAmerica

National Council on Economic Education

A partnership of education, business, and labor

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FOREWORD

It is a very great pleasure for me as National Council President to introduce the innovative new teaching materials on economics and personal finance which follow.

This project grew out of a shared recognition on the parts of the Consumer Credit Counseling Service (CCCS) and the National Council on Economic Education (NCEE) families that too many young people make personal finance decisions devoid of the powerful understandings provided by economics. As a result, they find themselves victimized by impulse buying, advertising, the lure of credit, limited time horizons, and a host of other forces that weaken their effectiveness in the marketplace. Economics has great power for enhancing decision making by young people in the practical, real-world situations in which they operate. In harnessing economics to that purpose, these materials enhance the ability of all young people to make personal finance decisions that make their lives better.

The materials were developed by the National Council and funded by ten CCCS agencies*: St. Louis, MO; Dallas, TX; Houston, TX; Richmond, VA; Atlanta, GA; Seattle, WA; Baltimore, MD; Columbus, OH; Pittsburgh, PA; and Fort Worth, TX. We are particularly grateful to Mr. C. Philip Johnston, President of the Consumer Credit Counseling Service of St. Louis, for his extraordinary leadership in mobilizing his colleagues around the country in support of this project. We are indebted also to Carmen Carter, Jan Heiman, Julie Mitchell, and Jack Morgan, authors of the materials. Their dedication, insight and creativity will become immediately apparent to users in the classroom. We also acknowledge the work of the Oversight Committee of National Council and Consumer Credit professionals, who provided clear and coherent direction to the project, and services too numerous to mention. Finally, we thank Dr. Robert Highsmith, Project Director, for his leadership in bringing the project successfully to completion.

Robert F. Duvall
President

*Members of the National Foundation for Consumer Credit

CONTENTS

Introduction vii

Part I: Money in Our Pockets

Lesson 1: A Very Good Day for Money 1
Lesson 2: What Is Money? 9
Lesson 3: Money Lets Me Choose 19

Part II: Spending for Today

Lesson 4: Consumers Choose to Spend 31
Lesson 5: Spending Decisions Go On and On 41
Lesson 6: Opportunity Costs Are Everywhere 51
Lesson 7: Advertising Influences Spending Decisions 61

Part III: Saving For Tomorrow

Lesson 8: Why We Save 71
Lesson 9: Budgeting Is a Way to Plan for Saving 81
Lesson 10: Saving Requires Waiting 97

Part IV: Borrowing Responsibility and The Use of Credit

Lesson 11: To Borrow or Not to Borrow — That Is the Choice 105
Lesson 12: To Lend or Not to Lend — That Is the Choice 115
Lesson 13: I Owe You 125
Lesson 14: Demonstrating Money Management 135

Glossary 147

INTRODUCTION

Personal Finance Economics is a series of high quality instructional materials that assist all students, kindergarten through grade twelve, in making better decisions as spenders, savers, borrowers, and managers of money. The materials were produced by a partnership of consumer credit and economic education professionals, at the initiation of Stephen Buckles, former President of the National Council on Economic Education (NCEE) and C. Philip Johnston, President of the Consumer Credit Counseling Service (CCCS) of St. Louis.

These materials differ in an important respect from other high quality teaching aids currently available for enhancing personal finance literacy — they employ economics, sometimes called the science of decision making, to demonstrate how children can effectively prioritize the staggering array of choices facing them when making decisions. In so doing, students learn how to make better decisions and, equally important, to avoid poor ones.

Each of the four publications in the series responds to the same question: how can students use economic knowledge to make better decisions in real-world situations in which they participate as spenders, savers, borrowers, and mangers of money? Each publication has two or three lessons on each topic, revealing the power of economic analysis in decision-making situations for students of all ages. The materials were created and field tested by writers and teachers widely recognized for their understanding of children, creative teaching skills, and knowledge of ways to impart economic understanding effectively to young people.

Active learning dominates the materials. Students confront spending, saving, and borrowing choices similar to the ones they face in their daily lives, discover economic concepts that enhance their ability to deal with those choices, participate in classroom activities that use the economic concepts in decision-making situations, and engage in follow-up activities to reinforce their decision-making skills. Most of the lessons prescribe follow-up activities with parents that reinforce at home the skills and understandings learned in the classroom. In brief, students spend their time in these materials solving problems which interest them and learning tools that assist them in making better decisions about issues that matter.

Publications in the **Personal Finance Economics** series are available at the primary (K-2), upper elementary (3-5), middle school (6-8), and high school levels (9-12).

Robert Highsmith
Director

Overview

The purpose of this book is to provide primary students with learning experiences that focus on personal finance and money management. To enhance young students' abilities to make decisions concerning personal finance, the lessons build on economic concepts. The authors relied on the economic content from *A Framework for Teaching Basic Economic Concepts with Scope and Sequence Guidelines, K-12* to identify those underlying economic concepts that contribute to better personal finance decisions by students in kindergarten through grade two. The important economic concepts for primary students in these lessons are scarcity, choice, opportunity cost, wants, consumer, goods, services, and money. The concepts recur in several lessons. Other economic concepts which appear less often include interdependence, human capital, work, and price.

The book consists of lessons that emphasize four major personal finance concepts — money management, spending, saving, and credit. The fourteen lessons may be taught as a complete unit or as independent lessons. The lessons are designed for primary classes with a wide range of maturities and ability levels. Each lesson provides several activities that permit teachers to select the most appropriate teaching strategies. For most students, this will be their first contact with many of the concepts. The lessons will be a foundation for good personal finance decisions as young students grow to adulthood.

Each lesson has four parts. The first section is FOCUS. This section presents objectives, background information, and concepts from personal finance and economics. The second section is PREPARE. This section lists the materials needed to complete all activities for the lesson, directions for making relevant materials, and the title of the lesson's introductory story. The third section, TEACH, is the core of the lesson. A story the teacher reads to the students introduces each lesson. Students respond to the story by answering questions about the main characters. Situations in the story lead to student activities. Many of these activities require the students to make decisions so that they can complete the activity. Some activities are for cooperative groups. In other activities, the entire class may be involved or students may work independently. Teachers may choose to do all of the activities or select the most appropriate ones. The last section is CONNECT. This section suggests optional activities that integrate personal finance with other subject areas, such as language arts, mathematics, science, and social studies. One of the important connections is the *Family Connection*. This connection presents an idea for communicating with the students' families about the lesson. The last part of the CONNECT section lists supplementary selections from children's literature that reinforce all or part of the lesson.

The first three lessons introduce the students to money management. Lesson 1 shows how people, especially children, get money. Lesson 2 deals with types of money and the relative value or purchasing power of money. Lesson 3 presents the idea that when people have money, they must make decisions about how to use it.

Lessons 4, 5, 6, and 7 introduce students to spending decisions. Because of the conflict between unlimited wants and limited means to satisfy those wants, students must make choices. They learn about choices involving goods and services. They distinguish between planned and unplanned decisions, and they study several factors that influence spending decisions, such as advertising.

Lessons 8 through 10 deal with saving. Students again participate in situations in which they decide about spending now or saving to spend later. They are introduced to the concept of budgeting and ways of saving.

The next three lessons, 11 through 13, focus on credit — borrowing and lending decisions. Students learn why people borrow. They identify characteristics of responsible and irresponsible borrowing, and they examine the trust involved in a credit relationship between borrowers and lenders.

Lesson 14 is a culminating lesson for teachers to use if they have taught several of the earlier lessons. This lesson reviews the personal finance concepts of spending, saving, and credit. The activities for this lesson provide opportunities for students to demonstrate their knowledge.

Performance Outcomes

An economically literate population is critical to the well-being of our nation. The results of successfully implementing the lessons contained in this guide will help move students toward these outcomes:

Lesson	Knowledgeable Consumers	Prudent Savers and Investors	Lifelong Decision Makers
1	X		
2	X		X
3	X		X
4	X		X
5	X		X
6	X		X
7	X		X
8	X	X	X
9	X	X	X
10	X	X	X
11	X	X	X
12	X	X	X
13	X	X	X
14	X	X	X

Planning Chart

LESSON	CONCEPTS	CONTENT	MATERIALS NEEDED
PART I **Money in Our Pockets**			
1. A Very Good Day for Money	income, gift money, human capital, work	• Relate human capital and work. • Define money earned as income. • Differentiate between money received as income and gifts. • Plan a way to earn money.	copy of *A Very Good Day* story, construction paper, tape, glue, or staplers, six cards, hole punch, mailing envelopes or tagboard, bobby pins, yarn, crayons or markers, scissors
2. What Is Money?	allowance, coins, opportunity cost, paper money, the value of money	• Distinguish between two kinds of money — coins and paper. • Decide on the correct combination of coins to buy things. • Equate the value of money with its ability to buy things. • Match the names of coins and paper money with their purchasing power in cents. • Identify the opportunity cost when a decision is made. • Identify denominations of paper money and their purchasing power. • Communicate about allowances and other experiences with money.	copy of *What Is Money?* story, pocketbook or purse, Message Pockets, assortment of play money, coffee can or can of similar size, assortment of real coins, product coupons, plain paper, glue, Activity Sheets 1, 2, and 3
3. Money Lets Me Choose	alternatives, choice, decisions, goods, opportunity cost, services, spending, saving, trade-offs	• Recognize money decisions people make every day. • Provide examples of goods and services. • Distinguish between spending and saving. • Practice making a choice between two alternatives, and consider the reasons for the decision made. • Make responsible choices about money, using Pocket Decisions.	copy of *Oh, What to Do?* story, chart paper, Activity Sheets 4 and 5, blocks or unifix cubes

LESSON	CONCEPTS	CONTENT	MATERIALS NEEDED
PART 2 **Spending for Today**			
4. Consumers Choose to Spend	choice, consumers, goods, opportunity cost, scarcity, services, trade-offs, wants	• Identify consumers as people who decide what goods and services to use to satisfy wants. • Distinguish between goods and services. • Use the concept of scarcity to explain why we must make choices. • Identify the opportunity cost when decisions are made.	copy of *Josh Has Many Wants* story, index cards, Activity Sheets 6 and 7, scissors, crayons, butcher or bulletin board paper
5. Spending Decisions Go On and On	alternatives, choice, consuming, consumer, goods, money, price, services, spending, wants	• Demonstrate that spending is exchanging money for the goods and services people want to consume. • Explain how planning helps people make informed decisions when spending money. • Make spending decisions. • Recognize money as a good used to buy other goods and services. • Recognize price as the amount people pay when they buy a good or service.	copy of *Josh Decides to Spend* story, index cards, pictures of goods and services, brown paper bag, assortment of play money, pretend ten-dollar bills, Activity Sheets 1, 8, and 9, scissors, glue
6. Opportunity Costs Are Everywhere	choice, opportunity cost, planned spending, unplanned spending	• Distinguish between planned and unplanned spending. • Identify the opportunity cost of a spending decision — planned or unplanned — and how to use opportunity cost to evaluate a decision. • Plan a trip to a grocery store, and identify planning steps involved.	copy of *The Shopping Trip* story, Activity Sheets 10 and 11, assorted grocery store items, play money, Message Pockets

LESSON	CONCEPTS	CONTENT	MATERIALS NEEDED
7. Advertising Influences Spending Decisions	advertising, benefits and costs, choice, opportunity cost, spending, wants	• Identify positive and negative factors that influence people's spending decisions. • Identify the opportunity cost in a spending decision. • Explain how advertising can affect spending decisions. • Compare the benefits and costs involved in making spending decisions.	copy of *The Ad Made Me Do It* story, advertisements from magazines and newspapers, videotape of television commercial, Activity Sheets 4 and 12, poster board or paper, markers, materials for mini-carnival
PART 3 **Saving for Tomorrow**			
8. Why We Save	choices, money, opportunity cost, saving, savings account, spending wants	• List the reasons people save. • Identify the opportunity cost when people decide to save instead of spend, and consider whether a good decision has been made in deciding to save. • Calculate how money saved can accumulate into a larger amount over time.	copy of *Spend or Save?* story, paper penny strips, days-of-the-week tags, pictures of items to purchase, paper pocket, Activity Sheet 13, paper dimes
9. Budgeting Is a Way to Plan for Saving	bank, budgeting, choice, saving, spending, money, scarcity	• Use the concept of opportunity cost to decide how to spend and save. • Identify scarcity as not being able to have everything one wants. • Demonstrate that good decisions about saving involve planning and budgeting. • Explore the best places to keep savings.	copy of *Savings to the Rescue* story, Activity Sheets 2, 14, 15, 16, 17, and 18, chart paper, scissors, dice, pennies, counters, or tokens, calculators, pictures of goods, index cards
10. Saving Requires Waiting	benefits and costs, money, opportunity cost, saving, wants	• Explain how saving is an alternative use of money. • Identify the benefits, costs, and opportunity costs of saving decisions. • Show that a plan, such as a plan to save, can transform a wish or want into an achievable goal.	copy of *Worth the Wait* story, mirror, Activity Sheets 19 and 20, pictures or photographs of people, Message Pockets

LESSON	CONCEPTS	CONTENT	MATERIALS NEEDED
PART 4 **Borrowing Responsibility and the Use of Credit**			
11. To Borrow or Not to Borrow -- That Is the Choice	benefits and cost, borrowing, credit, lending, wants	• Identify examples of borrowing. • Identify reasons why people borrow. • Distinguish between responsible and irresponsible decisions about borrowing. • Use benefits and costs to evaluate a borrowing decision.	copy of *The Young Borrowers* story, 3" x 5" cards, tape recorder and tapes, small incentives such as stickers or pencils, Activity Sheets 2, 21, and 22
12. To Lend or Not to Lend — That Is the Choice	benefits and costs, borrowers, credit, interdependence, lenders, opportunity cost, goods, services	• Identify examples of lending. • Recognize the interdependence and trust between responsible lenders and borrowers. • Identify the ability to repay as a necessary condition for credit. • Use benefits and costs to evaluate lending decisions.	copy of *The Young Lender* story, Activity Sheets 23 and 24, paper streamer or paper ribbon, 12 large name tags, balance scale, two balance scale labels, play coins or tokens, index cards, sample comic strip, drawing paper, tape recorder
13. I Owe You	borrower, credit, earn, lender, loan, money, opportunity cost, responsibility, savings account	• Distinguish between paying now for goods and services and using credit. • Explain that credit is a trust or agreement to pay back requiring responsible decision making. • Apply economic reasoning to credit decisions.	copy of *Empty Pockets* story, Activity Sheets 1, 25, and 26, scissors, glue, old magazines, masking tape
14. Demonstrating Money Management	borrowing, decision making, earning, opportunity cost, saving, scarcity, spending	• Use the concepts of scarcity and opportunity cost in decisions involving spending, saving, and borrowing. • Distinguish among decisions involving spending, saving, and borrowing. • Demonstrate spending, saving, and borrowing decisions using stories, drawings, plays, or puppet shows.	copy of *Success!* story, pencils, paper, nine index cards, Activity Sheets 27 and 28, pocket-shaped patterns, construction paper, writing paper, art materials, scissors, crayons, makers, Message Pockets, tape recorder, bulletin board letters

LESSON 1

A Very Good Day for Money

1. FOCUS

Student Objectives

- Relate human capital and work.
- Define money earned as income.
- Differentiate between money received as income and gifts.
- Plan a way to earn money.

Background

People must have money before they make decisions about what to do with their money. Income may be the money people receive for doing work using their human capital (skills, talents, and abilities) in a productive way. Many young students receive money in the form of gifts. This money was originally acquired by the giver, usually as income.

Concepts

Income, gift money, human capital, work

2. PREPARE

- Copy of *A Very Good Day* story
- Strips of construction paper (two colors for each student)
- Tape, glue, or staplers
- Six cards, each one labeled with one of the following: 0 pockets, 1 pocket, 2 pockets, 3 pockets, 4 pockets, or 5 pockets
- One hole punch
- One 8 ½" x 11" mailing envelope or two pieces of tagboard of approximately the same size for each student
- One bobby pin for each student
- One colored yarn approximately 40 inches long for each student
- Crayons or markers
- One pair of scissors

To Make Message Pockets:

1. Cut the envelopes or tagboard into the shape of curved pockets.
2. Prepunch holes along the sides and bottom of the envelopes or tagboards.
3. Using bobby pins threaded with yarn, students "sew" the pockets together.

3. TEACH

Introduction

Explain that students will hear a story and play the "Five-Pocket Game" on the first day. On the second day of the lesson, students will make a paper chain of links that represent money received as a gift or as earned income. This story and future stories lead to discussions, related activities, and opportunities to practice good decision making.

Activities

1. A Very Good Day
    a. Read *A Very Good Day* to the class. Ask students the following questions, or intersperse the questions while reading the story:
        1. Why did Josh have a good day? (He received a birthday card with money from Miss Hattie.)
        2. Where did Josh put his money? (He put his money in his pocket.)
        3. Why did Penny have a good day? (She had a new pair of five-pocket jeans, and she earned money for walking Mr. Lopez's dog.)
        4. What happened to Mr. Lopez? (He sprained his ankle.)
        5. Where did Penny put her money? (She put her money in her front pockets.)
        6. What work did Penny do for Mr. Lopez to earn money? (She walked his dog, Brandy.)
        7. Why did Penny feel good about the money in her pocket? (She earned it.)
        8. Who has money in the story? (Penny and Josh)

2. Five-Pocket Game
    a. Ask students to count the pockets on their clothing.
    b. Hold up the first card, "0 pockets," and ask students with no pockets to stand up. The game continues with the "1 pocket"

card to the "5 pockets" card so that each student has a chance to participate.

c. Ask the students with pockets to tell what they put in their pockets. (lunch money, treasures, tissues)

d. Ask students why they have pockets. (to keep things safe, to hold things, to have things) Allow time for all students to tell about their pockets.

e. Construct a sample pocket, showing students each step. If tagboards are used, use the yarn to hold the two pieces of tagboard together. If envelopes are used, weave the yarn through the prepunched holes.

f. Distribute the materials for students' pockets: envelopes or tagboards, colored yarn, bobby pins, and crayons or markers.

g. Tell students that the pockets, called "Message Pockets," will be used for several lessons to carry things to and from home.

3. Human Capital

a. Select someone in the school building whom students see doing work, such as the librarian, custodian, or principal.

b. Write "Mr./Ms._____can" on the board.

c. Ask students to complete the sentence with words that describe the skills and abilities the person uses at school.

d. Introduce the term **human capital**. Explain that human capital is the skills, abilities, and knowledge that a person uses to do work.

e. Tell students that this person receives money, called **income**, for doing work at school.

f. Have students give examples of the skills and abilities of people they know who earn income.

g. Explain to students that they do work at school. Ask students to think about work they do in the classroom. Explain that when they are older they will earn income because of the skills, abilities, and knowledge that they learn in school.

4. Income Chain

a. Ask students if they remember the story about Penny and Josh. Reread *A Very Good Day*.

b. Explain that Penny and Josh each received money in a different way. Write "Money Received" on the chalkboard.

c. Ask students to name the person who received money for work. (Penny) Explain that money received for work is called

income. Write "Income" under "Money Received" as one of two column headings.

d. Ask students to name the person who received a gift. (Josh) Tell students that Josh has gift money. Write "Gift Money" as the second column heading.

e. Ask students for examples of money that they have received. Have students decide which column is correct for their responses. Encourage older students to explain how they made their decisions.

Money Received	
Income	**Gift Money**
taking out trash	birthday
making the bed	celebrations
taking care of a pet	tooth fairy

f. Divide the class into work groups. Give two stacks of paper strips of two different colors and glue or some type of fastener to each group.

g. Tell students which color will represent money earned as income and which color will represent money received as a gift. Tape the color representing income under the word "Income" on the board. Tape the other color under "Gift Money."

h. In their work groups, have students tell about their experiences earning income and receiving gift money. As students give an example of money received, each group should take a matching color strip and add a link to the chain.

i. Students add links to the group chains until all have participated and the chain has been made.

j. Attach the group chains to make one large chain.

k. To conclude, have students look at the chain and determine if more students received money as income or receive money as gifts.

l. You may wish to use the chain, once completed, as a bulletin board border.

m. Have students create a bar graph on the bulletin board with one bar representing income and another bar representing gift money. Entitle the board "Money Received." Have students use blocks of construction paper with the same colors as those used in the paper chain and count the links in the chain to create the bars of the graph.

5. Planning for Work

Have students explore how they use their human capital, by listing work they do at home and at school. From the students' lists, have them develop a plan for earning income.

4. CONNECT

Family Connection: Write a letter about the money unit, and send it home in the "Message Pocket" created by the students. Ask family members to write the number of teeth the student has lost and to send that number in the pocket to school the next day. This CONNECT activity and the next two are interrelated.

Mathematics Connection: In this activity, students calculate the possibility of receiving gift money from the tooth fairy when teeth fall out. Have students tell how many teeth they have lost (from the family note in the pocket described in Family Connection). Count, tally, and graph the number of teeth lost and determine the total amount of gift money the class might collect from the tooth fairy. Younger students could use markers or coins in a stack or column. Older students may use calculators to compute the class total.

Community Connection: Invite a dentist to visit the class and talk about how dentists earn income. Have the dentist list the skills and abilities that he or she uses in a productive way. The dentist should make a connection between his or her human capital and the work done in the dentist's office. Have the dentist talk about the number of teeth students usually lose and why the teeth fall out.

Art Connection: Students may personalize their message pockets with individual art work.

Children's Literature:

•Bate, Lucy, 1983. *Little Rabbit's Loose Tooth*. New York: Crown/Random House. Little Rabbit loses a tooth and is happy to find money in an envelope under her pillow the next morning.

•Birdseye, Tom, 1988. *Airmail to the Moon*. New York: Holiday House. Ora Mea considers how much money she can make from the tooth fairy. When the tooth she was saving for the tooth fairy disappears, she sets out to find the thief, only to find the tooth in her pocket.

•Freeman, Don, 1978. *Pocket for Corduroy*. New York: Puffin Books. Upon hearing that his friend, Lisa, has pockets in which she keeps "her precious things," Corduroy, a toy bear, searches for a pocket for himself in a laundromat.

•Impey, Rose, 1990. *Joe's Cafe*. Boston: Little Brown and Company. A story about a pretend cafe in which neighborhood children try to earn money by selling pretend food.

•Payne, Emmy, 1944. *Katy No-Pocket*. Boston: Houghton-Mifflin. Katy, a mother Kangaroo is upset because she has no pocket in

which to carry her son, Freddy. After a search for a pocket, she meets a workman who is covered with pockets. He kindly gives Katy his apron that is full of pockets, and now Katy has more pockets than any other mother Kangaroo.

- Viorst, Judith, 1978. *Alexander, Who Used To Be Rich Last Sunday*. New York: Aladdin Books, Macmillan Publishing Company. Alexander receives a gift of one dollar and must decide how to use this gift.

Teacher Resources

- *Fundamental Facts About U.S. Money*. Atlanta: Federal Reserve Bank of Atlanta, Publications Department, Atlanta, Georgia 30303. Provides basic information about U.S. money. Available at no charge.
- Resnick, Abraham, 1995. *Money*. San Diego: Lucent Books, Inc. This book provides background information about money, including its historical development, value, and counterfeiting. The final chapter discusses aspects of the "cashless society," such as credit cards, checks, automatic teller machines, and modern-day bartering.
- *Choices and Changes*, 1992. New York: National Council on Economic Education. The curriculum emphasizes human capital, economic decision making, and participation in the economy.

A Very Good Day

Josh is having a good day. His house is decorated with balloons, and the table is set with matching paper plates and napkins that say "Happy Birthday."

When he walks into the kitchen, Josh sees his mom decorating his birthday cake. "Mom, this is a good day," Josh happily exclaims. "It is my birthday and soon my party will begin."

Josh's mom smiles at him and wipes off her hands. Josh watches her move over to the other side of the room. He wonders why she is being so quiet. She knows this is his birthday. When Josh's mom turns around to face Josh, she pulls an envelope from her apron pocket. This time she smiles and says, "Josh, let's start your party right now. Why don't you open this card? A special neighbor dropped it off for you. Could it be a birthday card?"

"Oh, Mom, I hope so!" Josh opens the envelope and pulls out a birthday card with teddy bears and balloons on the front. As he opens the card, a piece of paper falls out. He leans over and picks up the paper. He can't figure out what it is. He looks back at the card in his hand. He looks at all the words inside the card. He can read some of the words, and he knows Miss Hattie has signed her name under the words "Happy Birthday."

"Mom," says Josh, "the card is from Miss Hattie." Then he looks at the piece of paper in his other hand and asks, "What is this piece of paper?"

Josh's mom looks at the paper and says, "Josh, this is a gift of money for you from your friend, Miss Hattie. She has given you money for your birthday."

Josh puts the paper in his pocket just as the doorbell rings. His friends are here for the party. It's party time for sure, and the first gift he has received is money from his favorite neighbor, Miss Hattie. "This is a good day," Josh says to his mom as he runs to open the door for his friends. "Happy birthday, Josh!" his friends call out as they burst through the open door.

Down the street and around the corner Penny is having a good day too. She stands proudly in front of the mirror. She spins this way and that way, looking at herself in the mirror. Her new five-pocket jeans look absolutely great!

"This has been a very good day," she thinks to herself. Suddenly the doorbell rings and Penny runs to the door. When she opens the door, she is greeted by her neighbor, Mr. Lopez. "Look Mr. Lopez! Look at my new jeans! They have five pockets. There are two in the back, two in the front, and one very little pocket right here near the belt. Do you like them Mr. Lopez?" Penny asks with enthusiasm.

Mr. Lopez laughs brightly when he hears the excitement in Penny's voice. "Yes Penny, I like your new jeans. Now you are Penny with the five-pocket jeans."

Penny thinks for a moment and says, "I like that name for me — Penny with the five-pocket jeans." Then she remembers that yesterday Mr. Lopez could not walk because he had sprained his ankle. Now today, he is standing on her front porch. Penny says, "Mr. Lopez, you're walking."

"Yes, Penny. The doctor said I can walk, and my ankle is OK. I've come to pay you for walking Brandy during the time I could not walk her myself. You helped me when I needed someone to walk my dog for me. Here, Penny, take this money, you earned it. You earned it by walking Brandy for me."

Penny stands tall and proud with the money in the palm of her hand and says, "Oh, Mr. Lopez, thank you for the money," as she shoves some of it into each of her front pockets. Penny thinks to herself, "Why do I feel so good about myself right now? I've had money in my pockets before. Mom gave me money to spend at the carnival. Uncle Ralph gave me money when he came to visit last summer, and I've received money on my birthday. But this money makes me feel different. I earned this money myself!"

Mr. Lopez explains, "Penny, the money you earned is called income. Many people you know earn income — your teacher, the doctor, and your grandfather. They all earn income."

Penny is having a good day. She has new five-pocket jeans, and she already has money that she earned in two of the pockets. This is the first time she has ever earned income.

This is a good day. Penny received money because she earned it for walking Mr. Lopez's dog. Josh received money when Miss Hattie gave him money as a birthday gift. Both Penny and Josh dream about the many decisions they will make about their money.

LESSON 2

What Is Money?

1. FOCUS

Student Objectives

- Distinguish between two kinds of money — coins and paper.
- Decide on the correct combination of coins to buy things.
- Equate the value of money with its ability to buy things.
- Match the names of coins and paper money with their purchasing power in cents.
- Identify the opportunity cost when a decision is made.
- Identify denominations of paper money and their purchasing power.
- Communicate about allowances and other experiences with money.

Background

The forms of money used today have evolved over many years. Because of the age and maturity of primary students, the activities in this lesson emphasize U.S. coins and paper money. This lesson illustrates two types of money and how the purchasing power of each, its ability to buy things, differs. The lesson also involves students in making decisions using money, based on combinations of the different kinds of money.

Concepts

Allowance, coins, opportunity cost, paper money, the value of money

2. PREPARE

Copy of *What Is Money?* story	Plain paper
Pocketbook or purse	Glue
Message Pockets	Activity Sheet 1: *Pocket Change*
Assortment of "play" money	
Coffee can or can of similar size	Activity Sheet 2: *Paper Money*
Assortment of real coins	Activity Sheet 3: *Coin Combinations*
Product coupons	

1. Prepare copies of Activity Sheets 1 and 2, or assemble an assortment of "play" money.
2. Place an assortment of real money in a pocketbook or purse.
3. Place the same assortment of coins and paper money (from Activity Sheets 1 and 2) in each student's Message Pocket. (If Message Pockets were not previously constructed, see Lesson 1 for directions and materials.)
4. Put an assortment of coins in the coffee can.
5. Gather an assortment of product coupons so that each pair of students will have two.
6. Make two copies of Activity Sheet 3 for each student.

3. TEACH

Introduction

Explain that students will hear a story about Penny and Josh, entitled *What Is Money?* Then they will participate in activities to help them answer the question.

Activities

1. What is Money?
   a. Read *What Is Money?* to students. Ask the following questions:
      1. What are the two types of money mentioned in the story? (coins and paper money)
      2. What are the different coins Josh kept in his penny pouch? (pennies, nickels, dimes, and a quarter)
      3. How are coins and paper money different? (Coins in our country are round like circles, made from metal, come in different sizes, and usually buy less than paper money. Paper money is in the shape of a rectangle and usually buys more than a coin.)
   b. Ask the students to describe sources from which they have received money, such as an allowance, earned money, gifts, or other sources.
2. Pocketbook Practice
   a. Distribute Message Pockets containing "play" money of various coin and paper money combinations.
   b. To help students identify denominations of coins and paper money, take a coin or paper bill from your pocketbook, purse or wallet. Asks students to take the same piece of money from their Message Pockets and to put it on their desks.

c. Ask students to verbally identify this coin or bill. Older students may be further challenged by putting together a combination that represents a larger amount of money.

d. Repeat this process until students readily recognize and identify the different denominations of money.

3. Reinforcement Activity: Guessing Game

a. Hold up the can with an assortment of coins. Explain that the can represents the penny pouch in which Josh keeps his money. Place students in a circle on the floor, or arrange their desks in a circle. Students should be able to reach for coins in the can.

b. Hold up the can, and challenge students to predict or estimate the amount of money in it, such as $1.75, $2.00, or $3.25. Record for later comparison.

c. Have students pass the can around. Each student should guess the number of coins in the can and write his or her guess on a piece of paper. Reassure students that there is no paper money in the can.

d. Next, have students share their estimates. Guide them to a more accurate estimate by responding "higher" or "lower" each time they provide an answer. When the correct number has been guessed, write that number on the board.

e. Draw a chart on the chalkboard similar to the one below.

COINS

Pennies	Nickels	Dimes	Quarters	Half-dollars

f. Have students count the number of each type of coin in the tin can and complete the chart.

g. When the chart is completed correctly, work with students to tally the total amount. Compare the actual amount with the prediction made earlier.

4. The Purchasing Power of Money: "A Penny or a Dime for Your Thoughts?"

a. Refer students to the phrase, "A penny for your thoughts." Discuss its meaning as a way of saying that someone is interested in what another person is thinking.

b. Ask students whether they would prefer a penny or a dime for their thoughts. Have them explain their decision.

c. Using play coins, ask students to examine both the penny and the dime. Ask students which coin is bigger, which is smaller, and which has more purchasing power? Explain that purchasing

power refers to the worth of the coin or how far the money will go in buying what they want.

d. Ask additional comparison questions, holding up two coins with different purchasing power and two pieces of paper money with different purchasing power. Ask the comparison questions in different ways, such as which one is more desirable, which one has more purchasing power, which one will buy more and which one is worth more.

e. Remind students that Josh's mother used coins and paper money to pay the newspaper carrier. Ask students the following questions:

   1. Why do you like to have money? (Answers will vary.)
   2. What do you do with your money? (Answers will vary.)
   3. Why is your money valuable? (It can buy things.)

5. Pocket Change and Coupons

   a. Divide the class into pairs of students. Give each pair an assortment of coupons. Ask each pair to select two coupons for items they want to buy. Discuss the choices made by a few pairs, and ask why they decided on the coupons they chose. As an optional related discussion, ask about the purpose of coupons.

   b. Have students work in pairs, and give each pair of students a plain sheet of paper.

   c. Instruct each pair of students to paste the two coupons on a plain sheet of paper.

   d. Ask each pair to select the correct combination of coins that equals the amount on each coupon. Tell students to cut out paper coins from Activity Sheet 1 and glue the correct amount and combination next to each coupon.

   e. Older students may determine other combinations of coins that equal the same amount.

6. Coin Combination Decisions

   a. Give two copies of Activity Sheet 3 to each student to provide sufficient space for completion of the activity.

   b. Select an item, such as a 40¢ candy bar, and show students how different combinations of coins equal 40¢.

   c. Tell students to enter possible combinations on Activity Sheet 3.

   d. Have students take Activity Sheet 3 home. Tell them to work with their parents and put additional items on the worksheet for

practice. Have them decide the possible combinations of coins that it would take to buy the item.

e. Ask students to choose two items of the same price that they would most like from the additional items added at home.

f. Tell the students to identify which of the two items they want the most. They should write "my choice" next to that item. They should write "what I give up" next to the second item.

g. Have students bring Activity Sheet 3 back to class, and call on students to explain their decisions.

4. CONNECT

Science Connection: Have students consider the question "What is money?" in the literal sense and investigate from what money is made. Older students can conduct research in the school library with assistance from the teacher and/or librarian. This will lead to consideration of natural resources, such as trees, flax and cotton plants, and elements/metals, such as nickel, copper and zinc. This could lead to a creative discussion as students brainstorm what resources might be used to produce money in the future to cut production costs. Younger students may discuss in class which natural resources are used to make money. They may also think creatively about substitutes.

Science/Social Studies Connection: Have students use magnifying glasses to examine money closely. Point out how difficult it would be for someone to duplicate a bill or coin exactly. This may lead to a discussion with younger students about the people who are pictured on money. Older students might do biographical research about the famous people, as well as the meaning behind some of the symbols printed on the money.

Art Connection: Using salt dough, students may create coins, replicating the process used to make coins currently in circulation. After dough has been rolled out, students can use a small, circular shape, such as the end of a small plastic bottle, to punch out circles resembling coins. These dough circles simulate the blanks used in preparing real coins. Coin stamps may then be used to mark the coins after they have dried. For a creative follow-up, students may decorate the coins for use as classroom tokens. Younger children may use cookie dough to produce "cookie coins."

Science vs. Fantasy Connection: Ask students, "Can money really grow on trees?" Connect the idea that paper money, in part, does come from trees, but money cannot be grown on trees, like a leaf would be grown. Make two, large, tree-shaped charts, labeling one "Money Tree" and the other "Living Tree." On each tree, list student responses to the question, "What do we need to grow this tree?" Scientific responses for the living tree will include specifics, such as sun and water, while guided responses for the money tree will include income and savings.

Multicultural Connection: Money looks different and has different names in different cultures. Examination of coins and currencies from

other countries is a good way to introduce other nations and cultures. Have students ask their parents and friends who have foreign currency for permission to bring examples to share with the class. Using a major newspaper, show students the names of currencies throughout the world and the number of goods and services they can buy with a unit of each compared with the United States dollar.

Family Connection: Have students tell about how/when they receive money. Record their responses on the chalkboard or chart paper. Ask students to draw/write about what they did with the money they received.

Children's Literature:

- Berger, Melvin & Gilda, 1993. *Round and Round the Money Goes.* Nashville: Ideal Children's Books. The story explains the development of money from its origins to modern usage as cash, checks, and credit cards. It's told in simplistic language for children ages 5-9.Mathis, Sharon Bell, 1986. *The Hundred Penny Box.* New York: Puffin. As his great-great aunt tells Michael stories from the Depression, he counts the pennies in her special "Hundred Penny Box." There's one penny for every year of her life.
- Steinberg, Ed, 1994. *The Story of Money.* New York: Federal Reserve Bank of New York. A colorful comic book discussion and illustration of forms of money, origins, values and how money plays an important role in our society and throughout the world.
- Stewart, Sarah, 1994. *The Money Tree.* Canada: Sunburst, Mississippi. Mrs. McGillicuddy is growing a money tree (which grows all denominations) in her yard. Although the whole town seems to be overly interested in picking its "leaves," the owner wants things to get back to normal. An excellent "affective" resource for putting money in perspective.

Teacher Resources

- ____ *The Allowance Game.* Carson, California: Lakeshore Learning Materials, P.O. Box 6261, Carson, CA 90749 (800) 421-5354, $14.95. This boardgame, for two to four players, teaches money management as students do chores, collect allowances, make change, and make spending decisions.
- Tucker, James F. & Barbara W. Garber, n.d. *My Money.* Richmond, Virginia: Federal Reserve Bank of Richmond, P.O. Box 23261, Richmond, VA 23261. Part I has two lessons — one on the recognition of small denomination coins and one on the relationships among these coins. Multiple copies for classroom use are available from the Richmond Federal Reserve Bank at no charge.
- *Why We Use Money: The Fisherman Who Needed a Knife.* Seven and one-half minute video, Northbrook, IL: Learning Corporation of America, 420 Academy Dr., Northbrook, IL 60062. This is a humorous, animated video that illustrates the need for money to make exchange more efficient.

What Is Money?

"Happy birthday, Josh!" yell his friends as they bound off the front porch. Josh closes the door and runs to the kitchen. Mom is busy cleaning up after Joshua's birthday party. "This has been a good day," says Joshua. "I had fun. And look at all the nice gifts I got for my birthday."

Josh looks down at the piece of green paper still sitting on the table next to the birthday card from Miss Hattie, his favorite neighbor. He picks it up and examines it carefully. He thinks to himself, "Maybe this is some of that green stuff Dad is always talking about. It looks like the paper money Dad and Mom are always giving to people in the stores."

"Mom, is this money?" asks Josh. "It looks like the paper money you and Dad use to buy things from the store."

"Yes," replies Mom, "Miss Hattie has given you paper money for your birthday. Some money is made from metals and is called coins. Other money is made from paper and is called paper money. Coins in our country are usually round like circles, and paper money is in the shape of a rectangle."

Josh and his mom hear a knock at the door. Mom opens the door and greets the newspaper carrier who is there to collect money for delivering the week's newspapers. Mom asks Josh to bring her pocketbook. Josh asks, "What's a pocketbook?"

Mom responds, "It's the purse where I keep my money." Josh brings her purse, and she pays the newspaper carrier a piece of paper money and three quarters, two dimes, and a nickel. After the newspaper carrier leaves, Josh's mom explains to him, "The value of the coins I gave for the newspaper is the same as the value of one piece of paper money that has a one on it. Some other paper money is even more valuable because it has the number five, ten, or even twenty on it."

What his mom explains reminds Josh about the paper money Miss Hattie gave him. Joshua is proud to think that Miss Hattie feels he is old enough to receive paper money for his birthday. Mom and Dad give him coins for his weekly allowance, but now he has paper money too. He takes the paper money and card to his bedroom. He opens the special drawer of his dresser. The special drawer is the one that he uses for all his treasured items such as the shell he found on the beach, his Mickey Mouse finger puppet, and his marble collection. From the back corner of the drawer, he pulls out his penny pouch. He uses the penny pouch to keep coins he saves from his allowance. He dumps out all of his coins. First, he fingers all of the coins, then he puts them into piles on his bed. He has five pennies, two nickels, three dimes, and a quarter. Josh has saved all these coins for a long time. After he puts the coins back in the pouch, he adds the paper money to what he has already saved in the pouch. "Yes, this has been a good day," he thinks as he places the penny pouch and Miss Hattie's birthday card into the special drawer.

ACTIVITY SHEET 1

Pocket Change

Quarters

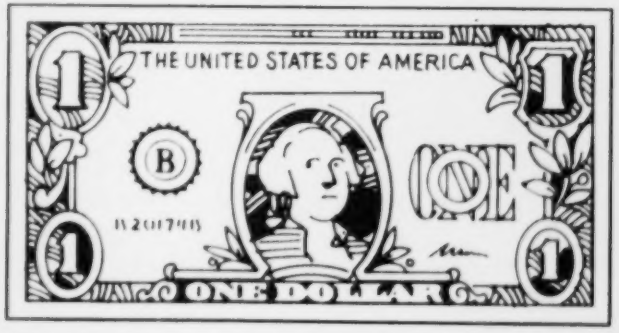
Pennies

Nickels

Dimes

ACTIVITY SHEET 2

Paper Money



ACTIVITY SHEET 3

Coin Combinations

How many ways can you combine coins to come up with the amount needed for your chosen purchase?

Items for Purchase	Price	Combinations			
		Pennies	Nickels	Dimes	Quarters

Parent Note:

Students worked on this activity sheet, using the example of a candy bar with a price of 40¢.

Please work with your child to combine coins into correct sums. Select different items and prices, and practice combining coins accurately. Be sure to include two items that have the same price.

We will discuss the activity sheet homework assignment in class.

LESSON 3

Money Lets Me Choose

1. FOCUS

Student Objectives

- Recognize money decisions people make every day.
- Provide examples of goods and services.
- Distinguish between spending and saving.
- Practice making a choice between two alternatives, and consider the reasons for the decision made.
- Make responsible choices about money by using Pocket Decisions.

Background

People's wants are unlimited, yet resources to satisfy those wants are limited. This lesson emphasizes the difficulty of making decisions about what people will choose. Students become involved in the decision-making process. They also learn about the difference between goods and services and the difference between spending and saving.

Concepts

Alternatives, choice, decisions, goods, opportunity cost, services, spending, saving, trade-offs

2. PREPARE

Copy of *Oh, What to Do?* story	Blocks or unifix cubes (one for each student)
Chart Paper	
Activity Sheet 4: *Pocket Decisions*	
Activity Sheet 5: *Penny Pockets*	

1. Make a copy of Activity Sheet 4 for each student, pair of students, or cooperative group.
2. Make a copy of Activity Sheet 5 for each student.

3. TEACH

Introduction

Tell students they will listen to a story, *Oh, What to Do?* Explain that they will help Penny make decisions about what to do with the money she has earned.

Activities

1. Oh, What to Do

   a. To introduce the lesson, read aloud the story, *Oh, What to Do?* To help students recognize that they already make lots of decisions every day, and the difficulty of making decisions about the use of money, ask the following questions:

      1. In the story, what was the choice Penny had to make? (whether to buy a vest now or save and buy a bicycle later)
      2. Why can't Penny go to the movies and go swimming? (Penny cannot do two things at the same time. She must make a decision.)
      3. If Penny decides to go to the movies, what is her opportunity cost? (swimming)

   b. To guide thinking about decision making, ask students the following questions:

      1. What choices do you have to make each morning before you come to school? (Answers may include what to wear, what cereal to eat for breakfast, or whether to carry an umbrella.)
      2. What other choices do you make when you are in school? (Answers may include what to play at recess, whom to invite to play with you, or whether to tattle on a classmate.)

2. Money Decisions

   a. Ask students to describe the money decisions in the story, *Oh, What to Do?* (Penny had to decide whether to buy a vest now or save to buy a bicycle. Penny also mentioned buying a dress for her doll and spending money to go skating.)

   b. Together, write an experience chart, listing decisions that students have made with money. Chart their responses for use later as cues in related writing activities.

Many of the decisions students reported in the previous activity probably did not involve the use of money. This activity stresses money decisions and how they differ from other decisions students make.

3. Goods or Services — Now or Later?

   a. To help students prepare for a decision-making and problem-solving activity, ask the following questions:

      1. What is Penny's problem? (Penny must find a way to make a wise decision regarding the use of her money that involves the choice between a vest now and a bicycle later.)

      2. What is the difference between spending and saving? (When people spend, they decide to use their money now to buy goods or services. When people save, they decide to keep their money for the purpose of buying goods and services later.)

      3. What are goods and services? (Goods are things that people can touch or hold. Services are acts that people do for other people.)

      4. How does Penny's choice include the decision about whether to spend or save? (Penny can decide to spend her money now by buying a vest. She can decide to save her money to buy the bicycle she wants at a later time.)

      5. Is the vest that Penny wants to buy a good or service? (a good)

      6. Is the bicycle Penny wants to buy later a good or service? (a good)

      7. What services were mentioned in the story, *Oh, What to Do*? (Mr. Lopez pays Penny for the service of walking his dog. When Penny went ice skating, she bought a service.)

   b. Ask the students to name some goods and services that they and their families buy. (Answers will vary.)

4. A Penny-Wise Activity

   a. To reinforce the "how" of decision making, introduce Pocket Decisions, Activity Sheet 4, as a helpful way for students to examine Penny's problem. Using the apron, emphasize that the process can be used for many problem-solving situations. Explain that when a choice is made, the most favored alternative not chosen is the **opportunity cost**.

   b. Have students write Penny's problem in the bottom pocket of the apron. (spend now or save to spend later)

   c. Tell students to write "vest" as one of the alternatives on the apron. They should write "bicycle" as an alternative in the pocket on the other side of the apron.

d. Have students write positive reasons (happy faces) and negative reasons (sad faces) for the vest and bicycle.

	Good Points	Bad Points
vest	looks good	outgrow
bicycle	ride to places	may get stolen

e. Ask students to include what is positive and negative about spending now or saving to spend later.

	Good Points	Bad Points
spending now	satisfy wants	money will be gone
saving to spend later	getting something bigger or better more enjoyment	waiting doing without what you want

f. Call on some students to tell what decision they think Penny should make and why.

g. Review with the students how a decision is made. Look closely at Penny's problem. She faces the problem written on the bottom pocket. There are two alternatives: the vest and the bicycle. As students consider each alternative, they will recognize that there is a process involved in making a choice. As they write the positive (happy faces) and negative (sad faces) reasons for spending or saving, students are expressing the benefits and costs of each alternative as they seek a solution to Penny's problem.

5. Responsible Decisions

a. Discuss the word responsibility, guiding students to understand that Penny was trying hard to make a wise decision. Tell students that a responsible decision is one that looks at the trade-offs involved in a problem before making a decision. Explain that this is why Penny is discussing her problem with Mr. Lopez.

b. Emphasize that Penny was showing a sense of responsibility by not letting the money that was "burning a hole" in her pocket cause her to make an unwise decision.

c. To help students personalize an understanding of responsibility, ask the following questions:

1. When have you shown that you are responsible in your decision making by looking at trade-offs involved in a problem before making a decision? (Answers will vary, but may include choices in school behavior, choices in how to

treat a friend, a brother or sister, and how to care for a pet.)

2. Is it easy to be responsible (that is, to consider trade-offs)? (Answers will vary; guide students to recognize that being responsible doesn't just happen; it takes effort.)

3. Do you think practice in assessing trade-offs will help you become more responsible in your decision making? (Answers will vary; guide students to conclude that responsibility (that is, trade-offs) takes thought and planning.)

d. Summarize this activity by informing students that they will have opportunities throughout this unit to practice assessing trade-offs and making responsible money decisions.

e. Draw a T-chart on the board as shown below.

RESPONSIBILITY

Is...	Is Not...

f. Ask students to make suggestions of what **responsibility** is and what responsibility is not. (Responsibility is identification of the trade-offs involved in a decision. Examples include: thinking about the bicycle you lose when you buy a vest, completing homework, caring for a pet, doing chores. Examples of behaviors that are not responsible include careless use of toys, forgetting lunch money, not completing homework.)

g. Give a copy of Activity Sheet 5 to each student. Each student will write a sentence on the pattern describing one example of responsible behavior.

6. A Letter To Penny

a. Explain to students that they are now better prepared to help Penny in her money decisions. Remind them of past discussions, use of the Pocket Decisions apron, and the graphical results, to help them in this activity.

b. Explain that they are now prepared to share their thoughts on decision making and give Penny advice. Have students write a letter to Penny giving her advice about whether she should choose the vest or the bicycle.

c. Explain that they will need to tell Penny **why** they would make this choice, using examples from the previous classroom experiences, and **why** the decision is a good one despite the trade-offs involved. Younger students may be led in writing a letter prepared by the whole class as the teacher records the letter on a chart or transparency. Older students might find out the prices of different vests and bicycles and use this information in advising Penny.

7. Goods vs. Services

As an optional activity, instruct students to clip pictures illustrating goods and services from magazines or catalogs. This will reinforce their ability to distinguish between the two.

4. CONNECT

Mathematics Connection: Divide the class into cooperative learning groups. Appoint one person in each group to be the recorder. Have students tell whether they think Penny should choose the vest or the bicycle and explain in terms of trade-offs the reasons for their choice. The recorder could make tally marks for each choice and report the number of choices for the vest and bicycle to the rest of the class.

To provide for active learning and the use of mathematics manipulatives, first give each student a block or unifix cube. Then write the word **vest** and the word **bicycle** on the board. Instruct students to come to the board and stack their blocks under the appropriate heading. In this way students will have constructed a graph comparing the number of students who choose vests with the number who choose bicycles. Have students prepare a written graph on grid paper. Call on a few students to explain their graphs.

Community Connection: Invite the school's principal to talk with the students about money decisions at the school. Have students help prepare a list of questions to ask regarding decisions about operating within a budget and meeting the needs of classroom teachers and students. Parents from the school's Parent-Teacher Organization or Association might also participate in the same class visit.

Family Connection: Invite a panel of parents to participate in a discussion with students about decisions that they (adults), as well as children, must make because they cannot have everything they want. Parents who are unable to come could complete a survey prepared by the teacher with questions from students regarding money decisions. Possible questions include:

Do you remember having to make choices when you were my age?
Did you have goals for using the money you earned?
Can you give an example of a goal you reached?
How did you plan to reach your goals?
Do you still have to make choices now?
Can you give one example?

Can you give an example of a decision showing responsibility where you considered the trade-offs involved in making the decision?

Have students take the survey home in their Message Pockets (For materials and instructions to make message pockets, see the first page of Lesson 1.)

Music Connection: Ask students to create lyrics of a song to the tune of *Buffalo Bill, Won't You Come Out Tonight* to sing after related story lessons. For example:

Five-pocket Penny, won't you save your money/
save your money/
save your money/
Five-pocket Penny, won't you save your money/
and buy a bicycle some day?

Five-pocket Penny, with a hole in your pocket
a hole in your pocket/
a hole in your pocket/
Five-pocket Penny, with a hole in your pocket/
you will spend your money today!

Five-pocket Penny, won't you spend your money/
spend your money/
spend your money/
Five-pocket Penny won't you spend your money/
and buy the vest today!

Independent Learning Center Connection: Create an independent learning center with **Money Decision** cards to use with a laminated Pocket Decisions apron. Students can use wipe-off markers to complete the apron and make choices.

Oral Expression Connection: Use the completed Pocket Decisions apron to initiate a mini-debate about whether Penny should buy the vest now or save to buy the bicycle later. If time permits, repeat using other money decisions.

Bulletin Board Connection: Create a bulletin board entitled, "Penny-Pocket Power." Have students hang their penny pockets on the board with the responsible behavior example printed on them.

Critical Thinking Connection: Have students write a list of ten items they want to receive for Christmas or a birthday. Next, ask them to decide which items are most important and number the items from one (most important) to ten (least important).

Children's Literature

•Barkin, Carol and James, Elizabeth, 1977. *Understanding Money*. Salem, OR: Raintree. This book compares the purchasing power of different forms of U.S. money and the relationship between goods and services that can be consumed, as well as how money is earned and used. There is an introduction to savings accounts, including how to open one and how the bank uses the money deposited by the saver in the account.

•Gray, Nijel, 1990. *Little Pig's Tale*. New York: MacMillan Publishing Company. The story illustrates the difficulty Little Pig has in trying to decide about a birthday gift for his mother.

•Wilt, Joy , 1979. *Making Up Your Own Mind*. Waco: Word Inc./Weekly Reader. This children's book presents hypothetical situations for children to use in learning how to make decisions and solve problems. Money and borrowing decisions are included.

•Wilt, Joy, 1979. *A Kid's Guide to Managing Money*. Waco: Word Inc./Weekly Reader. This children's book presents hypothetical situations for children to use in learning how to manage money because once money has been earned, it must be managed.

Teacher Resource

•*Econ and Me*, 1989. Bloomington, IN: Agency for Instructional Technology, (800) 457-4509. Five video programs which introduce basic economic concepts and emphasize problem solving, mathematics, and language arts with related hands-on, real-world activities.

Oh, What to Do?

Penny sits on her front porch with her hand in her pockets. She is deep in thought and does not see Mr. Lopez walking Brandy past her house. Mr. Lopez calls to Penny, "A penny for your thoughts."

When Penny does not answer because she is so deep in thought, he calls her again. "Penny, Penny, how are you doing today?" When Penny looks up, she smiles at Mr. Lopez and says, "I have to make a decision, Mr. Lopez. Making choices can be so hard."

"What are you trying to decide?" asks Mr. Lopez. "Can I help you?" She jumps down from the porch and walks toward Mr. Lopez and Brandy. Brandy wags her tail when she sees Penny, then all three walk down the street together. Brandy zigs and zags back and forth in front with Mr. Lopez and Penny side by side behind her. "What kind of decision are you trying to make Penny?" Mr. Lopez asks again.

Penny smiles and says, "When I earned money for walking Brandy, I was so happy. Now I have money, and that means I have to decide what to do with it. It is like the money is burning a hole in my pocket. I want to use it right now, but I can't decide! I want a new bike. I want a new vest to wear with my five-pocket jeans. I want so many things. I just don't know what to do!"

"Penny, you do have a problem to solve," replied Mr. Lopez. "You have a choice to make. You have money, but you don't have enough money to buy all the things that you told me you want. You have so many alternatives. When you have alternatives, you must make a decision about how to spend your money and what you must give up when you make a choice."

"Oh! What am I going to do?" exclaims Penny.

"That is a good question, Penny. I'll try to help you. Let's say one of your friends invites you to go swimming tomorrow and another friend invites you to go to the movies at the same time. Your friend would be buying a service by taking you swimming or to the movies. You would then have a choice to make — either go swimming or to the movies. When you choose one, you choose to give up the other, and that's the hard part of making choices. You can't do both at the same time, so you would need to decide. Your alternatives would be to go swimming or to go to the movies."

"That makes sense," says Penny, "but what does that have to do with money?"

"Well, Penny, you just mentioned two possible ways to spend your money. You told me you want a new bike or a fancy vest. When people make money decisions, they think about all the different ways to use the money they have."

"Now I understand," says Penny. "I have money, but I don't have enough to buy both things I want. I have to decide which I want the most. Do I want a bike or a vest? I have to choose and an important part of choosing what I want is choosing what I must give up to get it."

By this time Brandy has begun to slow down. She is not walking as fast. The three good friends have been walking a long time.

Mr. Lopez says, "Penny, you have more to think about. The money in your pocket is enough to buy a vest, but do you have enough to buy the new bike? When people make decisions, they need to decide whether they will spend the money now or save the money to buy something later. Do you know what those two words mean — spend or save?"

Penny replies, "When I spend money, I buy things now that I want, or I spend the money now for something I want to do. I remember spending money to buy a dress for my doll, and I remember spending money to go skating."

"That's right, Penny. You spend money for an object, the dress, which is a **good**, and you spent money for an activity, skating, which is a **service**. So you understand the word 'spend.' Do you know what 'save' means?"

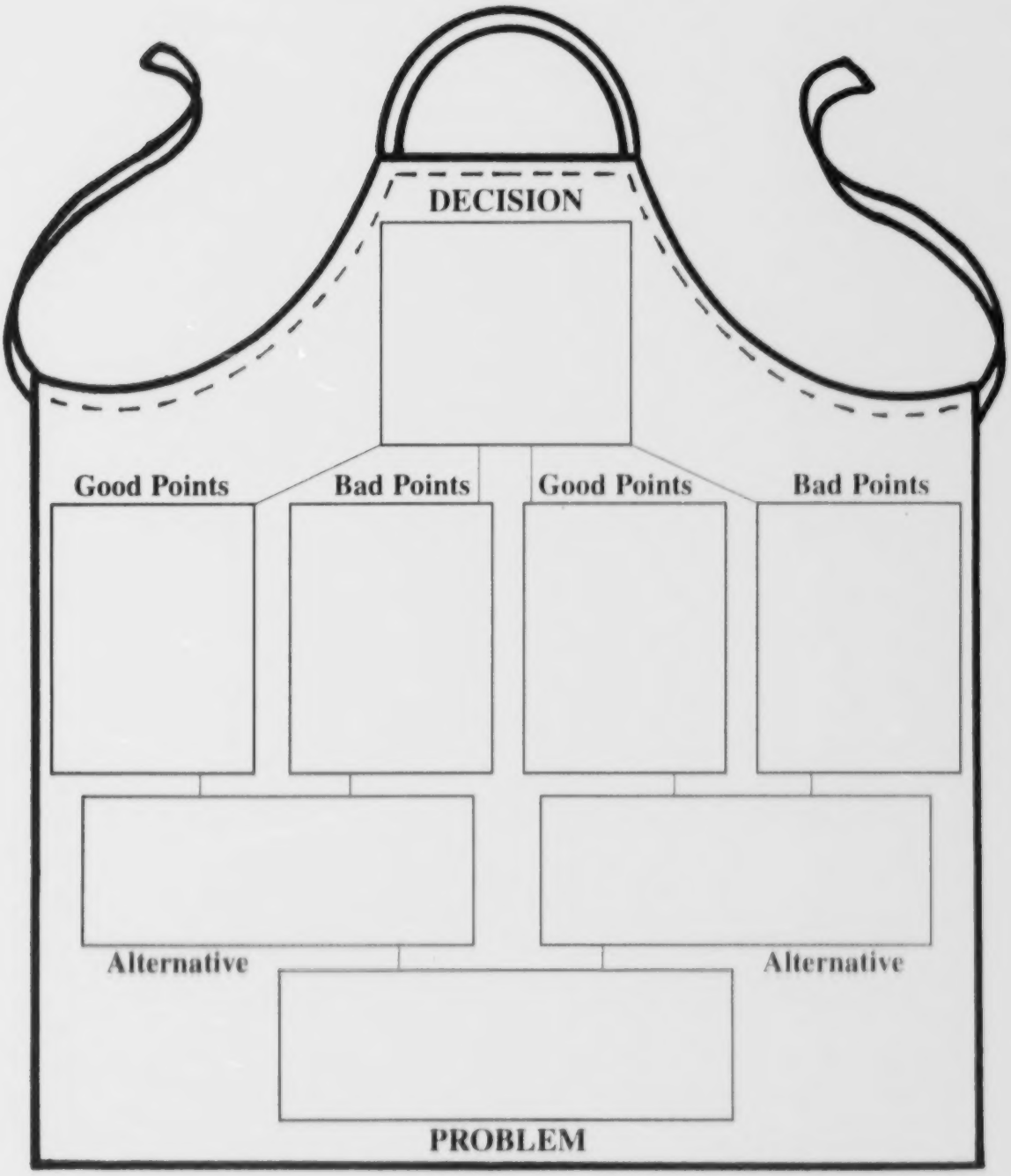
"Well, if spend means to use the money now, maybe save means to wait until later to use the money," answers Penny.

"Right again, Penny. Save means to set aside money for future use, to use it later. You have already started to make money decisions. You have thought about the different uses for your money. Now you have to decide whether to spend the money to buy a vest, or to save the money for something more expensive later, like the bicycle. Good luck with your money choices."

"Thank you Mr. Lopez for talking to me about making money decisions. I do have lots to think about. Spend now for a vest, or save for a bike later."

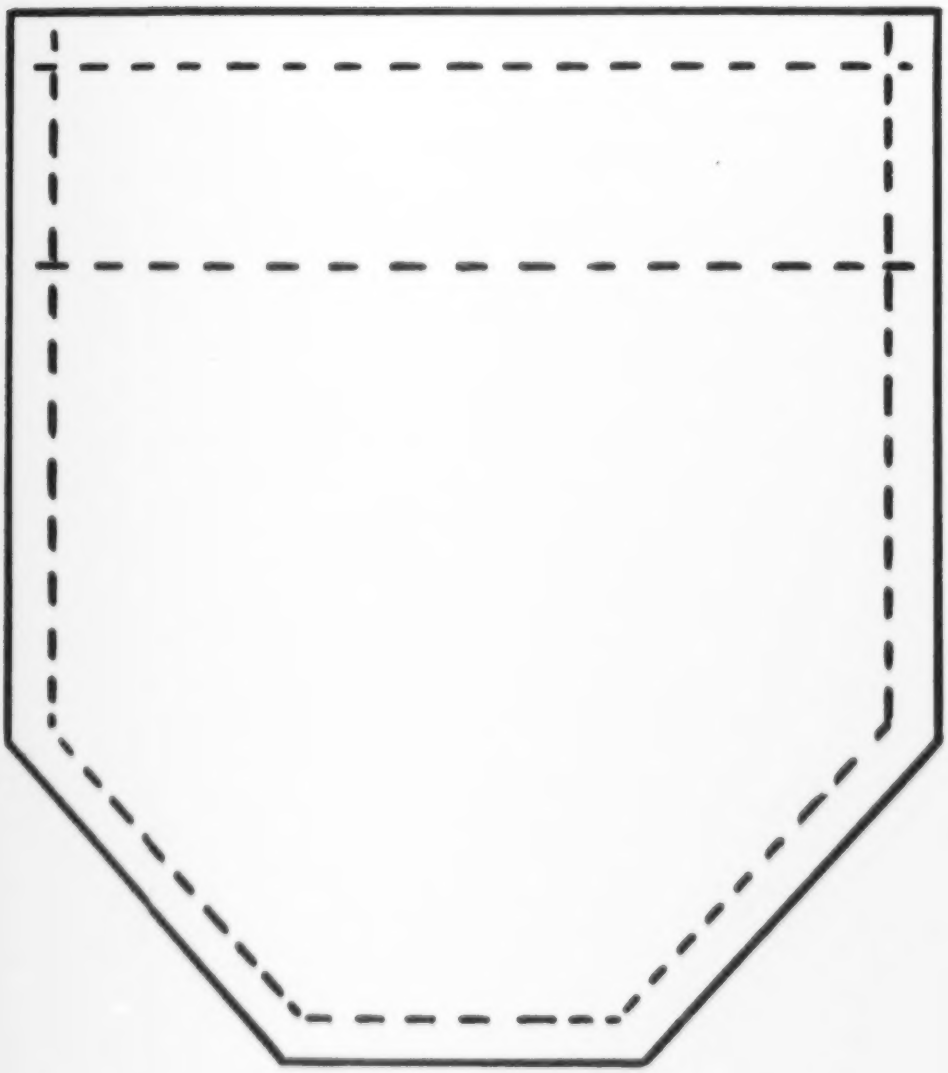
ACTIVITY SHEET 4

Pocket Decisions



ACTIVITY SHEET 5

Penny Pockets



LESSON 4

Consumers Choose to Spend

1. FOCUS

Student Objectives

- Identify consumers as people who decide what goods and services to use to satisfy wants.
- Distinguish between goods and services.
- Use the concept of scarcity to explain why we must make choices.
- Identify the opportunity cost when decisions are made.

Background

People have more wants than they have the ability to satisfy; therefore, a condition of scarcity exists. Because people have limited income and unlimited wants, they must make choices. Consumers need to evaluate trade-offs to choose the goods and services they want. People try to satisfy as many of their wants as possible.

Concept

Choice, consumers, goods, opportunity cost, scarcity, services, trade-offs, wants

2. PREPARE

Copy of *Josh Has Many Wants* story	Crayons
Index card for each student	Butcher or bulletin board paper for tracing body shapes
Activity Sheet 6: *Use It, Consume It*	
Activity Sheet 7: *Animal Shapes*	
Scissors for each student	

1. Make a transparency of Activity Sheet 6, or make a copy for each student.
2. Make copies of Activity Sheet 7, and cut out animal shapes so that each student receives one hamster and one goldfish.

3. TEACH

Introduction

Introduce the story, *Josh Has Many Wants*, explaining that the story is about Josh and his wants. In the story, Josh becomes a consumer when he buys a candy bar and later when he buys a pet.

Activity

1. Josh Has Many Wants

    a. Read the story, *Josh Has Many Wants*, to the class.

    b. After reading the story, ask the following questions:

        1. What are some examples of goods in the story we just heard? (milk, apples, bread, cucumber, hamburger, candy, baseball cards, hamster, goldfish)

        2. What are some examples of services that Josh wanted? (school carnival, movies)

        3. Who are consumers in the story? (Josh, Mom, Dad, Nicholas)

        4. Why does Josh want a hamster? (His friend Nicholas has a hamster named Scamper. It sounds like fun to have a hamster.)

        5. How does Josh illustrate the problem of scarcity? (He wants many more things than he is able to afford.)

        6. Why does Dad suggest that Josh and his mother visit a pet store? (Dad wants Josh to learn more about hamsters before he spends his money.)

        7. What does Josh see on the window when he goes to the pet store? (a sale sign for goldfish)

        8. Why is Josh confused? (He can't decide between a hamster and a goldfish.)

2. Goods and Services for a Pet

    a. Show students a stuffed animal. Ask students what it is.

    b. Ask students to tell what they know about the animal.

    c. Tell students that this pretend pet has many wants, like Josh. Explain that the pet's wants might be goods or services that can be provided by the pet owner. Give one example of a good that the pretend pet might want, such as food, a fancy cage, or pet

toys. Give one example of a service that the pretend pet might want, such as a bath, grooming, or a walk.

d. Give students index cards, and ask them to write or draw one good or service on the card that they want the pet to have.

e. Write the words "Goods" and "Services" at two separate places on the chalkboard.

f. Have the students place the cards under the headings "Goods" or "Services." Discuss their responses and the accuracy of their choice of terms.

3. Use It, Consume It

a. Give each student a copy of Activity Sheet 6, or use a transparency for a group activity.

b. Review the concepts "goods," "services," and "consumer" before the students complete the activity sheet together or individually.

c. Read each statement and have students circle the consumer and underline the good or service in the statements.

d. Ask students to write the name of the consumer and the good or service for each statement under the proper heading.

4. I Am A Consumer

a. Help students make the connection between the pet's wants and their wants by identifying the goods and services that satisfy their wants. Explain that each student is a consumer. Write the word "consumer" on the chalkboard.

b. Have students work in pairs to trace around each other with a crayon on a large sheet of paper. When the tracings are complete, have students cut the body shapes out and add features with crayons.

c. Write the phrase "(name of student) is a consumer" on the body tracings.

d. Ask students how people get the goods and services they want. Explain that people use their limited income to buy goods and services they want. Ask the students to think of things for which they spend money.

e. Have students list on the body tracings the goods and services for which they spend money.

5. What Will It Be?

a. Have the students explain why Josh must make a decision. Ask the students "Which do you think Josh should choose — a

hamster or a goldfish? Why?" Remind students to consider trade-offs in making their decisions.

b. From cut-outs of Activity Sheet 7, give each student a goldfish shape and a hamster shape.

c. Have students put their names on either the hamster or goldfish shape to indicate their choices of a pet for Josh, given the trade-offs.

d. Place each student's vote in the form of a hamster or a goldfish shape on a pictograph for comparison by the class. Determine which pet received the most votes.

e. Explain that the pet animal shape not chosen is the opportunity cost in each student's decision. Use this pet animal shape for creative writing about the expenses and needs of this pet.

4. CONNECT

Science Connection: Find out about other pocket-bearing animals, such as marsupials (kangaroos, koalas) and other rodents. Find similarities and differences in these animals, including how they use their pockets. Research similarities and differences in the wants of animals that are confined as pets and those of animals whose habitats are in the wild. Students may use a Venn diagram to better illustrate these similarities and differences. Venn diagrams (usually in the form of circles) can be used to show classifications or sets of things and how they relate to one another.

Physical Education Connection: "Consuming Everyday Charade" (adapted from "Econ and Me")

a. Students think about goods and services they buy everyday to prepare for a pantomime activity.
b. Demonstrate by having a student choose a good or service to pantomime for classmates. Have students guess what good or service has been pantomimed.
c. Take turns as each student whispers to the teacher the goods or services they are going to pantomime.
d. The teacher draws a blank line on the chalkboard for each letter of the name of the good or service to be acted out by the student. This will be used as a clue to figuring out the pantomime.
e. If a guess is incorrectly made by a student, he or she may guess a letter in the good or service word. These letters are clues to the consumer charade.

Mathematics Connection: Find and cut out classified ads about animals for sale or needing a good home. Read some of the ads to the students. Together, create a list of the prices of the various pets for sale. Have students choose two different pets from the list and explain why they chose them. Then, using advertisements from newspaper, catalogs and magazines, have students cut out pictures and prices of goods and

services for each of the pets they chose. Total all of the prices for the pets.

Music Connection: Sing *How Much Is That Doggy In The Window*. Change the lyrics with other pet names that the students like.

Language Arts Connection: Cut apart cartoons, including animal characters. Paste each cartoon panel on a piece of paper. Students create new dialogue for each cartoon animal and tape record their cartoon story.

Children's Literature

- Barasch, Marc Ian, 1991. *No Plain Pets*. New York: Harper Collins Publishers. A boy explains that he not only wants a pet, but he wants no ordinary pet. However, he decides in the process that no matter what pet he eventually owns, he will care for it and love it.
- Brown, Marc, 1990. *Arthur's Pet Business*. New York: Joy Street/Little, Brown. With a job to help him prove he is a responsible child, Arthur earns money and purchases a longed-for pet.
- Petersen, Ester Allen, 1982. *Penelope Gets Wheels*. Southbridge, MA: Crown Publishers, Inc. This is a story about how a little girl uses her birthday money. Penelope is very disappointed when she realizes she cannot afford to buy a silver racing bike or a car and has to settle for roller skates.
- Pilkey, Dav, 1994. *Dog Breath: The Horrible Trouble with Holly Tosis*. New York: Scholastic, Inc. Use the story in this book to help students make a decision among several alternatives about what to do about a dog's bad breath.

Teacher Resource

- *Econ and Me*, 1989. Bloomington, Indiana: Agency for Instructional Technology, (800)457-4509. Five video programs introduce basic economic concepts and emphasize problem solving, mathematics, and language arts with related hands-on, real-world activities.

Josh Has Many Wants

Sitting in the car next to Mom, Josh dreams of all the things he can buy with all the money he now has. As he dreams, he hears Mom say that she needs to stop at the grocery store to buy some food.

Josh walks next to the grocery cart as Mom picks up bread, apples, a cucumber, milk, and hamburger meat. Today she is spending money for food the family wants. Josh is very quiet because he is still thinking of all the things he wants to buy. He wants to go to the school carnival; he wants some baseball cards for his collection; he would like to go to the movies; but he really wants a pet hamster.

As he follows Mom down the grocery aisle, Josh sees his favorite candy bar on the shelf. He tells Mom, "I want a candy bar. May I have it?"

"Josh, I am buying food for our meal tonight. If you want the candy bar, you can use some of your money, " says Mom.

Josh quickly decides. He picks up the candy bar he wants and walks up to the checkout counter, pulling a dollar out of his pocket. He tells the clerk, "My neighbor gave me money for my birthday. I want to buy this candy bar with some of the money."

As the clerk hands Josh the change from his dollar, she says, "Enjoy the candy bar. Have you decided what to do with the rest of your money?"

"No," says Josh, putting the change in his pocket, "but I'm having fun thinking about all the things I want to buy with the money. I want so many things."

By the time Mom and Josh get home, he has eaten the candy bar.

At the dinner table, Josh tells his dad about his trip to the grocery store. He tells Dad about spending some of the birthday money to buy the candy bar. Dad asks, "Have you decided what to do with the rest of the money?"

Josh shakes his head no and says, "All day I've dreamed of ways to spend the money. I want to go to the carnival or a movie. I want some more baseball cards for my collection, but I really, really want a hamster."

"Sounds to me like your money is burning a hole in your pocket!" exclaims Dad. Josh touches his pocket and looks puzzled. Josh's mom and dad laugh. Dad explains, "I mean you want to spend your money NOW because you have so many wants. You wanted a candy bar. You want to go places, but it seems like a hamster is most important to you. You seem to want so many things, but a hamster--" says Dad. "What makes you want a hamster?"

"Well, Nicholas has one, and he is always talking about playing with Scamper. Scamper is the name of Nicholas' hamster. He says that Scamper eats out of his hand. Scamper has fun

running around in all the tubes in the cage, and Scamper even has a ball to run around the house in. Nicholas says hamsters have pockets in their cheeks. I have decided I want a hamster too."

Dad smiles. "I know you do, Josh. You have wanted a hamster for a long time. Hamsters cost money, and that means you have to plan before you buy one. Hamsters are fun, but to have a hamster you must make plans to take care of it. You should find out what a hamster needs before you buy one. You should find out how much you would have to pay for a hamster, its cage, and its food. And, you should think about what you cannot have (that is, the trade-offs) once you decide on a hamster.

Josh looks at Mom, "Mom, may we go to a pet store tomorrow?"

"Yes, Josh." "We will," says Mom.

As Mom and Josh pull up in front of the pet store, Josh feels the excitement. He has learned about hamsters' needs and what those needs will cost. When he walks up to the pet store, he sees a large picture of goldfish on the door. "Look Mom, goldfish. See, that word says S...A...L...E. What does S...A...L...E spell?" Josh asks.

"S...A...L...E spells sale, Josh. The sign says 'Goldfish on sale. Buy one and get one free,'" Mom explains.

Josh gets excited. "Gee, Mom, a goldfish might be fun," he says.

"But Josh, I thought you told us last night that you wanted a hamster? Now this morning you see a sign that says SALE and you think you want goldfish. Are you sure about your decision, or has that sign changed your mind? You don't have enough money to buy a hamster *and* a goldfish."

"I know," Josh replies sadly and opens the pet store door.

"Hello young man, I saw you looking at the Sale sign. Do you want to buy some goldfish today?" the sales clerk asks.

"Well," Josh hesitates, "I came here to find out what a hamster costs. Now I don't know what I want — a hamster or a goldfish. Making money choices can be difficult. My wants go on and on and on."

It seems that Josh must make a decision. He needs help. What do you think Josh should do? Does thinking about "trade-offs" help?

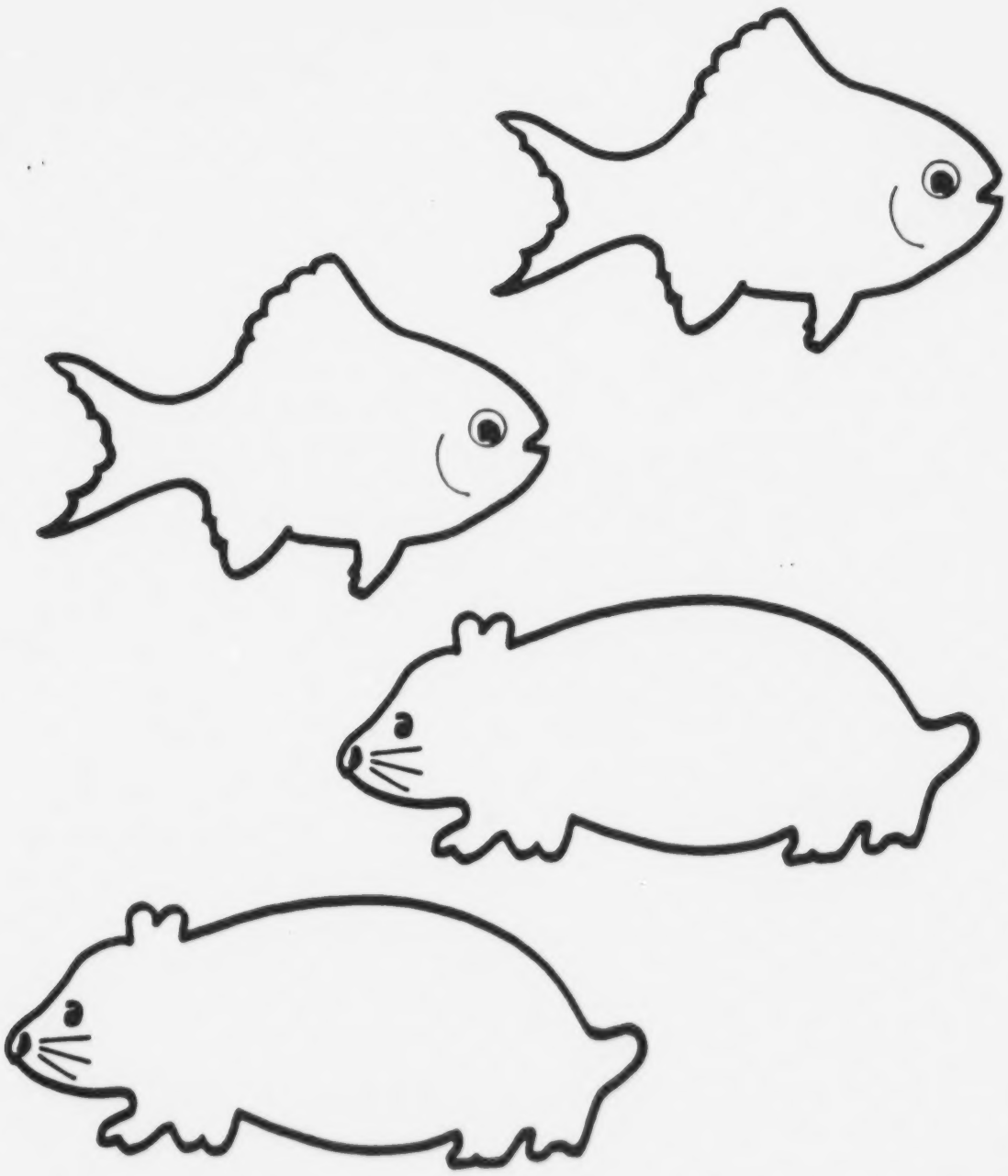
ACTIVITY SHEET 6

Use It, Consume It

	CONSUMERS	GOODS OR SERVICES CONSUMED
MARCUS BUYS FLOWERS FOR HIS MOTHER.		
MR. LOPEZ USES WATER ON HIS GRASS.		
THE TEACHER GETS PAPER FOR SCHOOL.		
PENNY RIDES THE BUS.		
THE HAMSTER PLAYS WITH HIS WHEEL.		
JOSH GOES TO THE SKATING RINK WITH HIS FRIENDS.		
DAD BUYS GAS FOR THE CAR.		

ACTIVITY SHEET 7

Animal Shapes



LESSON 5

Spending Decisions Go On and On

1. FOCUS

Student Objectives

- Demonstrate that spending is exchanging money for the goods and services people want to consume.
- Explain how planning helps people make informed decisions when spending money.
- Make spending decisions.
- Recognize money as a good used to buy other goods and services.
- Recognize price as the amount people pay when they buy a good or service.

Background

People have unlimited wants and they try to satisfy as many of those wants as they can when they spend. People spend their money to buy goods and services. Prices of those goods and services affect the choices people make. Generally, when people plan what to buy before spending, they make better choices and are more satisfied with their decisions.

Concepts

Alternatives, choice, consuming, consumer, goods, money, price, services, spending, wants

2. PREPARE

Copy of *Josh Decides to Spend* story	Activity Sheet 1: *Pocket Change*
Index cards	Activity Sheet 8: *Window Shopper*
Pictures of goods and services from magazines and newspapers	Activity Sheet 9: *Planning to Buy*
Brown paper bag	Scissors for each student
Assortment of play money	Glue
Several pretend ten-dollar bills	

1. Paste a picture of a good or service on an index card. Each index card is a "product" card. Make several product cards.
2. Write the price of the good or service that is pictured on each product card below the picture.
3. Make a copy of Activity Sheets 1, 8, and 9 for each student.
4. Place several pretend ten-dollar bills, or index cards with $10 written on them, in a brown paper bag.

3. TEACH

Introduction

Explain the process of exchanging money for goods and services to satisfy wants. Ask students for examples of when they have observed others exchange money for goods and services.

Activities

1. Josh Decides to Spend

   a. Read the story, *Josh Decides to Spend*, to the class.

   b. As a follow-up to the story, ask students the following questions:

      1. Where were Josh and his mother shopping? (at the pet store)

      2. What is the new friend that Josh makes at the pet store? (a hamster)

      3. After Josh decides to buy the hamster, what are some of the other things that he will need to buy? (a cage, hamster food, a water bottle, and bedding)

      4. What are some of the other things Josh wants to buy later when he gets more money? (toys and treats)

      5. What are some of the things Josh can't have as a result of his decision to buy the hamster? (Accept a variety of responses.)

2. It's in the Bag

   a. Remind students that Josh uses money to satisfy some of his wants.

   b. Explain that people use money to buy goods and services they want. They exchange money for goods and services based on their prices.

   c. Show the class a brown paper bag filled with several $10 pretend paper bills or index cards with $10 written on each.

d. Tell the students to listen as you shake the bag while walking around the room. Explain that one $10 paper bill or index card could be used to buy one thing they want to eat, they want to wear, they want to play with, or they would like to do.

e. Write the following headings on the chalkboard:

$10 for something I want to eat	$10 for something I want to wear	$10 for something I want to play with	$10 for something I want to do

f. Ask students for examples of things they would like to eat, wear, play with, and do. As they respond, record each response on the chalkboard. Allow space for students to place an index card or play money under a response.

g. To emphasize that wants are unlimited, write the words "and on and on and on" at the bottom of the lists after you have elicited a variety of responses.

h. Have some students reach into the bag and take out a piece of the play money. Explain that they have a spending decision to make.

i. Students then place the index cards or play money under the correct heading.

3. Spending Simulation

a. Remind students that Josh had to have enough money to buy the hamster. Explain that students will practice making spending decisions with play money. They will make choices about what goods or services they will buy to satisfy their wants.

b. Explain that goods are objects or things that satisfy people's wants, and services are activities that satisfy people's wants.

c. Ask students to give a few examples of goods and services that satisfy people's wants.

d. Pair each student with a partner for this activity. Identify one student in each pair to be the "buyer" and one to be the "seller." Give each seller a "product" card.

e. Provide each "buyer" with a supply of play money for the transactions. Each buyer needs at least enough money to equal the price of the good or service on the product card. Explain that the play money is a good that can be used to buy all other goods and services.

f. The buyer will pretend to purchase one of the goods or services represented on the product card, giving the seller the correct amount of money and telling whether it is a good or a service.

g. After an allotted amount of time, have students reverse their roles as buyers and sellers.

4. Window Shopper

   a. Give a copy of Activity Sheets 1 and 8 to each student. Identify the quarter, dime, nickel, and penny for the students on Activity Sheet 1.

   b. Ask how many cents are represented by the different coins.

   c. Go over the price of each item on Activity Sheet 8 and explain that students should choose three items on the sheet that they believe will satisfy their wants.

   d. Explain that students will be buyers. Have students cut out and paste the correct combinations of coins that equal the prices of the three chosen items on Activity Sheet 8.

5. Planning to Buy

   a. To emphasize the importance of consumer planning, ask students why Josh's father wanted him to visit the pet store. (Josh needed to learn more about all the costs of having a pet.)

   b. Give students a copy of Activity Sheet 9 to discuss with their families. Have the students take the sheet home in their Message Pockets, complete it with their families, and return it to school.

   c. In follow-up class discussion, have students share information about the spending decisions of their families from the completed sheets.

   d. Ask students to draw what their families decided to buy.

   e. Create a bulletin board to display the students' drawings entitled, "My Family Makes Spending Decisions."

4. CONNECT

Community Connection: Invite a veterinarian to the class to tell about how veterinarians take care of pets' medical needs. Ask the veterinarian to discuss the costs of medical care for pets. In follow-up discussion of the visit, explain that sometimes people give away pet dogs and cats because of expenses, such as health care.

Critical Thinking and Writing Connection: Have students design a web about a hamster, so they will become aware of the various needs of pets which cause additional expenses and the importance of planning before making a purchase. Place the word hamster in the center of the web, and connect the needs of the hamster to the center.

Art Connection: Ask students to collect pictures of things they would like to buy, shape them into a class collage, and paste them onto a large poster board entitled "We Are Consumers." The collage could also become a bulletin board.

Family Connection: Ask parents, by way of a letter in the Message Pocket (see the first page of Lesson 1 for materials and instructions to make the Message Pocket), to write a list of things they consume as adults and to help students write a list of things the whole family consumes. Students will bring these back to the classroom to compare/contrast similarities and differences among things consumed.
Science Connection: Have students find out about the purpose of "pockets" in hamsters' mouths. Because they store food, stress the similarity of saving as a way to plan for future spending decisions.

Children's Literature:

- Berenstain, Stan and Jan, 1988. *The Berenstain Bears Get the Gimmies*. New York: Random House. The Berenstain Bears have unlimited wants when they go shopping.
- Berry, Joy, 1988. *Every Kid's Guide to Intelligent Spending*. Chicago: Children's Press. This book provides illustrations and explanation of several important terms such as consumer and types of advertising. There are also several pages of advice about intelligent consumer spending.
- Lobel, Arnold and Anita, 1981. *On Market Street*. New York: Mulberry Books. On a spending spree, a child buys presents from "A to Z" in shops along Market Street.
- Maestro, Betsy and Givlio, 1988. *Dollars and Cents for Harriet*. New York: Crown Publishers, Inc. Harriet shows how different combinations of various forms of money are earned and spent.
- Payne, Emmy, 1972. *Katy No-Pocket*. Boston: Houghton-Mifflin Company. Katy Kangaroo doesn't have a pocket to carry her baby like the other kangaroos have. Following the suggestion of an owl Katy goes to the city where a carpenter gives her his apron which has many pockets in it.
- Russo, Marisabin, 1993. *Trade-In Mother*. New York: Greenwillow Books. At first, Max wants to trade in his mother, but he soon decides that he would never trade her for a different mother.

Teacher Resources

- Phipps, Barbara J. with Martha C. Hopkins and Rita Littrell, 1993. *Master Curriculum Guide in Economics: Teaching Strategies K-2*. New York: National Council on Economic Education. See Lessons 21 and 22 which teach about bartering.
- Kourilsky, Marilyn, 1992. *KinderEconomy+: A Multidisciplinary Learning Society for Primary Grades*. New York: National (formerly Joint) Council on Economic Education. See Lesson 6, "Exchange: Money versus Barter."

Josh Decides to Spend

Josh and Mom are looking around the pet store. Josh is glad his father wanted him to visit the pet store and learn about the different costs of having a pet. There are many different and interesting pets to own. Josh never knew there were so many kinds of pets! Mom likes the rabbits, and Josh stops to look at the hamster cages. One of the hamsters comes to the front of the cage and looks at Josh and then runs around and around. Josh decides that this is the pet for him. He wants a hamster — this hamster that seems to like him already.

"Well you sure seem to have made a friend," the pet store clerk says. "You have come to the right place to pick out the perfect pet. Hamsters are lots of fun. They are playful, but they require care, and you will have to be responsible for your hamster's needs."

"What does that hamster cost?" Josh asks, as he watches the cute hamster nibble at the food in the back of the cage.

The clerk reaches in and picks up the hamster for Josh to hold. "This hamster costs $5, but you will need to buy some supplies too. You should buy food, a water bottle, bedding and a cage unless your mom will let it run around your room."

Mom laughs and shakes her head. "We will definitely need a cage for your new pet, Josh. We don't want a hamster on the loose."

The pet store clerk writes down a list for Josh to see. "First, there is the cage for $11. The hamster food for one week costs fifty cents. The water bottle to hang in the cage is $3 and the bedding is $1.50. There are a lot of other things hamsters like to have but this list will get you started with your new pet," the clerk explained.

Josh adds up the prices on the list. "I will need to spend twenty-one dollars for my hamster. That is a lot of money. I will use up all my money if I buy this hamster. I can do lots of things with $21."

"Yes, pets are expensive to own. You need to decide if you will be happy with your hamster once you have used your money," the pet store clerk said.

"Let's go home and tell Dad what we learned about buying a hamster, Josh. Then if you choose to use your money for this cute hamster, you and Dad can pick it up tomorrow."

Josh hands the hamster back to the clerk. "I think this is a very special pet. Will you save this one for me until tomorrow?" asked Josh.

"Yes, I can hold it for you until tomorrow. Let me know what time you will be coming back. Thank you for shopping in our store. See you soon!" the clerk called to Josh and Mom as they closed the pet store door.

At home later, Josh shows Dad the list of costs for the hamster. "I have made my decision," Josh says proudly. "I want that cute hamster I saw today at the pet store. I have

enough money to pay for it. Nicholas and I will train our hamsters together. Maybe I can find a way to earn extra money to buy hamster toys and treats later."

Josh can't wait for tomorrow to come. Tomorrow he will buy his hamster and bring it home.

ACTIVITY SHEET 8

Window Shopper

Circle three things that you would like to have.

Balloon = 59¢

Play putt-putt golf = 99¢

Decorated pencil = 30¢

Cupcake = 15¢

Zoo pass = 85¢

When I spend my money, I am a _____.

Goods and services cost _____.

ACTIVITY SHEET 9

Planning to Buy

Message to Parents:

Please talk with your child about planning to spend money. Think about a purchase you made as a family and the planning steps that were considered before you spent your money. Help your child write the good or service bought. Then list the steps you thought about before the purchase was made.

Please return this sheet in the Message Pocket to school tomorrow. Thank you.

Our family must decide how to spend our money. We want many goods and services to satisfy our wants. We work together to plan how to use the limited money we have.

My family is a consumer.

My family bought _____.

Here's what we thought about **before** we spent our money:

1.

2.

3.

4.

LESSON 6

Opportunity Costs Are Everywhere

1. FOCUS

Student Objectives

- Distinguish between planned and unplanned spending.
- Identify the opportunity cost of a spending decision — planned or unplanned — and how to use opportunity cost to evaluate a decision.
- Plan a trip to a grocery store and identify planning steps involved.

Background

Consumers spend their limited incomes to satisfy their wants. There are two kinds of spending—planned spending and unplanned spending. Planned spending requires consideration of alternatives and opportunity cost and can be time consuming, but it yields important benefits. Unplanned spending or impulse buying does not involve time-consuming planning, but it does also involve opportunity cost and unplanned consequences. People generally plan for spending because they believe it provides greater satisfaction of wants. From this lesson, students should recognize the differences between planned and unplanned spending decisions and identify the opportunity costs involved in both.

Concepts

Choice, opportunity cost, planned spending, unplanned spending

2. PREPARE

Copy of *The Shopping Trip* story	Play money (optional)
Activity Sheet 10: *Money to Go Around*	Message Pockets (optional)
Assorted grocery store items for role play	Activity Sheet 11: *Planned Spending*

1. Make a copy of Activity Sheet 10 for each student.
2. Set up a grocery store in classroom.

3. Prepare Message Pockets from Lesson 1. (optional)
4. Make a copy of Activity Sheet 11 for each student. (optional)

3. TEACH

Introduction

Explain that consumers either spend now, or they make plans through saving for spending in the future. Provide a few examples for the students.

Activities

1. The Shopping Trip

    a. Read the story, *The Shopping Trip*, to the class.

    b. Ask the following questions:

        1. Which items did Mom plan to buy? (Mom planned to buy paper towels, plant food, and a shirt for Uncle Carlos.)

        2. Which item did Josh plan to buy? (Josh planned to buy a notebook.)

        3. Which items did they buy that were not planned? (the pencil with a dinosaur eraser and the brown picture frame)

        4. Why did Josh and his mom make the unplanned purchases? (Josh saw a colorful sign showing pencils with dinosaur erasers and decided he would like to buy one. Mom saw a display of many different picture frames and decided one of these would make a better gift.)

        5. What did Josh give up to have the pencil with the dinosaur eraser on it? (the bigger notebook)

        6. What did Mom give up to have the frame? (The shirt she had planned to buy for Uncle Carlos.)

2. Money To Go Around

    a. Give each student a copy of Activity Sheet 10. Tell students to fold the sheet in half with the printed side folded inside. On the back of the sheet have each student print a **U**, for unplanned on one half of the paper and a **P**, for planned on the other half.

    b. Read each item for the students, or have them read the item aloud. Ask the students to decide if the item tells about planned or unplanned spending.

c. Call for votes. The students "vote" on the correct type of spending by standing up and holding the folded paper showing the **U** for unplanned or **P** for planned spending to the teacher.

d. Ask students to circle the words in each item that helped them decide if the spending was planned or unplanned.

e. Students may write short stories evaluating planned and unplanned spending and the opportunity cost involved. After the students write the stories, they may take turns reading the stories to the class and letting their classmates figure out whether the stories are about planned or unplanned spending.

3. The Grocery Store

a. If Lesson 4 was not taught previously or students have forgotten the events of the story, review or read the story from Lesson 4.

b. Explain that students will role-play planned and unplanned spending in a trip to the grocery store by Josh and his mother. Explain that students will make a list of items they plan to buy at the grocery store. They will also act out both planned and unplanned purchases.

c. On a classroom grocery shelf (a book shelf, desk, or table), place some grocery items. Include items that are especially appealing to students of this age, such as candy or cookies. These items will provide added incentives for playing the role of Josh.

d. Guide students to develop dialogue in which the mother will explain her planned spending for bread, hamburger meat, milk, and other items. Josh will explain an unplanned purchase, why the decision was made, and what was given up to make the unplanned purchase.

e. Repeat the scene, allowing other students to participate and creatively change the scene as it might occur in picking out school supplies or other applicable goods and services. Play money may be used for the spending scenario. Students may enjoy dressing up for the play.

4. Opportunity Cost

a. Refer students to the story, *The Shopping Trip*, and what Josh had to give up in order to have a notebook and a dinosaur pencil.

b. Guide them to consider that the larger, more expensive notebook was something that Josh wanted. It became his opportunity cost because he had to give it up to have both a notebook and a pencil.

c. Point out that one indication that Josh made the best decision is that he was happier with the small notebook and dinosaur pencil than he was with the more expensive notebook.

4. CONNECT

Family Connection: Send information home in the Message Pockets about the students' activities regarding planned spending and unplanned spending. (If students have not previously constructed Message Pockets, see Lesson 1 for materials and instructions.) Encourage parents to extend the students' experiences with planned spending by writing grocery lists together, clipping coupons, taking time to think about a purchase and deciding exactly what is wanted before the shopping trip. Suggest that parents discuss with students any changes in the spending plan that might have occurred and why they made the decision to change their spending plan. Teachers may use Activity Sheet 11 as a sample letter to send home.

Community Connection: Invite a farmer or the owner of a retail store to visit the classroom and share information about planning for spending decisions. Ask the farmer or retailer to help the students list the planned spending. For a farmer this could include the cost of buying or renting land, fertilizer, seed and equipment. For the retailer this could include the cost of buying or renting the building, hiring sales people, buying goods to be sold, and the cost of utilities such as electricity.

Art/Writing Connection: Ask students to draw a picture of themselves showing how they feel about being responsible when they make spending decisions using their own money or when they make spending decisions using someone else's money. Older students could write short paragraphs describing their feelings.

Critical-Thinking Connection: Have students design a web about a hamster or goldfish (or an animal of their own choosing) to see all of the connecting needs of a pet which cause additional expenses and reinforce the need for planning.

Children's Literature:

- Berenstain, Stan and Jan, 1988. *The Berenstain Bears Get the Gimmees*. New York: Random House, Inc. Gran and Gramps come up with a plan to help brother and sister bear get rid of a bad case of the "greedy gimmees." The plan involved choosing one thing before going shopping, then getting that one thing, or getting nothing.
- Caines, Jeannette, 1993. *I Need A Lunch Box*. New York: Harper Trophy/HarperCollins Publishers. An African-American child dreams of having a different lunch box for every day of the week.
- McKissack, Patricia and Frederick, 1992. *Madam C. J. Walker*. New York: Enslow. The story of Walker, who through the creation of a cosmetic company, became the first African-American woman to become a self-made millionaire in the United States.

•Prelutsky, Jack, 1990. *Something Big Has Been Here*. The poem, "They Never Send Sam to the Store Anymore." New York: Greenwillow Books. Because Sam does not follow the grocery list when he is sent to shop, but chooses many of his own unplanned purchases, his family won't send him to the store anymore.

•Smath, Jerry and Valerie Smath, 1989. *Mr. Digby's Bad Day*. New York: Simon & Schuster Inc. Mr. Digby makes careful plans for almost everything he does, but he doesn't plan for his umbrella opening everywhere he goes—except when it rains.

•Wilt, Joy, 1979. *A Consumer's Guide for Kids*. Waco: Word, Inc. This book helps students to realize and appreciate the wise use of money in buying goods and services, encouraging them to use specific guidelines.

•_____, 1964. "The Ant and the Grasshopper" in *The Fables of Aesop*. New York: The Macmillan Company. This fable contrasts an ant that works during the summer in the preparation for winter with a grasshopper that plays in the summer with no planning for winter.

The Shopping Trip

Josh runs to his room to get some money from his penny pouch. He is going shopping with his mom today. He needs a new notebook for school. He saw a notebook advertised on television yesterday that he really liked. Mom has decided to go shopping today so that she can buy a birthday gift for Uncle Carlos. She has made a list of other things she needs to buy. On her list she has written paper towels, plant food, and a shirt for a gift for Uncle Carlos. To the list she adds a notebook because Josh plans to buy a notebook, just as she plans to buy the other items on the list. With the list in hand, Josh and Mom head for the shopping center.

Josh and Mom enjoy shopping together. First they pick up the paper towels, then they get some plant food. Next, they look for a new shirt for Uncle Carlos. They have a good time selecting a shirt they think Uncle Carlos will like. Finally, they decide to buy a blue shirt with a pocket on it. Uncle Carlos likes shirts with pockets because he keeps his special gold pen in his pocket.

As Josh and Mom push the cart near the school supply section, Josh sees a big, colorful sign illustrating students writing with pencils with dinosaur erasers. He stops and looks at all of the pencils carefully. "Boy, do these pencils look neat," he thinks to himself. "Mom, I want some of these pencils. See the dinosaur erasers on them. Aren't they great? What do you think, Mom?"

"Well, Josh, you came shopping to get a new notebook for school. Do you have enough money to buy the notebook for school; do you have enough money to buy the notebook and a pencil?"

Josh checks his money. No. He doesn't have enough money to buy both. He understands that he has a limited amount of money, but he wants both the notebook and the pencil. Then he sees a smaller notebook that has a lower price. He thinks of a good solution! If he gives up the larger notebook with the higher price, he will be able to have both a notebook and a pencil. He chooses a small red notebook and a pencil with a yellow Brontosaurus on it. Josh knows a Brontosaurus was a plant-eating dinosaur that grew to about 80 feet long.

As Mom and Josh head for the check-out counter, Mom sees a special display at the end of a shelf area. The display shows many different picture frames. Some are bright colors and others are dark brown and black. She looks at all of the frames, then picks up one that is brown. As she puts the frame in their cart, she tells Josh, "This frame with your picture in it will be a better gift for Uncle Carlos than the shirt I had planned to buy. Josh do you remember where we found the shirt? Could you return it for me?"

When Josh returns to where Mom is waiting, they check their shopping list. They make sure they have picked up everything they put on the list. In the cart they have paper towels, plant food, Uncle Carlos' birthday gift, a Brontosaurus pencil, and Joshua's smaller notebook. Yes, they have everything that is written on the list and a few unplanned purchases.

ACTIVITY SHEET 10

Money to Go Around

Fold your paper in half with the words on the inside. Print a **U** on one half of the paper and a **P** on the other half. You will use the folded paper to vote. You will need to open the paper to read it. You will fold the paper with the writing inside to vote for each item.

Read each item. Decide if the item describes planned (P), or unplanned (U) spending.

1. Father has a grocery list in his hand. He goes to the grocery store and buys the foods written on the list.

   P or **U**

2. Brittany's parents take her to the amusement park as they promised they would.

   P or **U**

3. Kim uses her allowance to buy a refrigerator magnet for her mom's birthday.

   P or **U**

4. David's parents buy him pencils, notebooks and crayons so that he will be ready for school.

   P or **U**

5. Monica sees a doll at the store and buys it right then and there.

   P or **U**

ACTIVITY SHEET 11

Planned Spending

Dear _____ ,

Students in our class are learning about making spending decisions. Please involve your child in some of the planned spending decisions that you make. Your child could help make out a grocery list, clip coupons, or participate with you in some other planned spending decision. If changes occur in the spending plan, discuss why the decision was made to change the plan.

LESSON 7

Advertising Influences Spending Decisions

1. FOCUS

Student Objectives

- Identify positive and negative factors that influence people's spending decisions.
- Identify the opportunity cost in a spending decision.
- Explain how advertising can affect spending decisions.
- Compare the benefits and the costs involved in making spending decisions.

Background

Because of the conflict between limited income and unlimited wants, it is helpful if people learn to become wise consumers. Consumers have to make choices when they spend for goods and services they want. People's spending decisions are influenced by many factors such as friends, family, advertising, price, and how much money people have. People may also decide to weigh the benefits and costs of their decisions. When people make choices they benefit, but they also give up the next best alternative, which is the opportunity cost.

Concepts

Advertising, benefits and costs, choice, opportunity cost, spending, wants

2. PREPARE

Copy of *The Ad Made Me Do It* story	Activity Sheet 12: *Kids! Advertisers Want You!*
Written advertisements from magazines, newspapers, and other sources	Poster board or paper, markers
Videotape of TV commercial targeted to children (optional)	Activity Sheet 4: *Pocket Decisions*
	Materials for mini-carnival, an optional activity

1. Make a copy of Activity Sheet 12 for each group in activity 3, "Hits You Where It Hurts!"

3. TEACH

Introduction

Although advertising often helps people make wise decisions by emphasizing the benefits of a good or service, the story, *The Ad Made Me Do It*, is used to illustrate how advertising may cause people to make unplanned spending decisions.

Activities

1. The Ad Made Me Do It

   a. Read the story, *The Ad Made Me Do It*, to the class.

   b. Ask students the following questions:

      1. Does anyone know an advertising jingle? (Allow time for students to share what they know and sing some jingles.)

      2. What influenced Josh to go to the hamburger restaurant? (The advertisement on television showed the hamburger with the free toy.)

      3. What was the other alternative that Josh gave up? (the taco restaurant)

   c. Explain to students that this was Josh's opportunity cost. The opportunity cost is the alternative people give up when they make a decision. Continue with the following questions:

      1. Why did Josh choose the hamburger instead of the taco? (He wanted the box and the plastic toy that he would get free with the hamburger more than he wanted tacos.)

      2. Was Josh satisfied with his choice? (No, the food was not his favorite, and the toy didn't do what the advertisement said it would do.)

      3. How does advertising influence people's spending decisions? (Answers will vary.)

      4. Where have you seen or heard advertisements for products? (Companies advertise on television, radio, sides of buses and taxicabs, through inserts in newspapers, on outside billboards, and on fences and walls at sporting events.)

      5. What other factors can influence people's spending decisions? (Friends, family members, having money to spend, and price can influence spending decisions.)

6. Do advertised products always satisfy our wants? (Answers will vary. Sometimes advertisements provide useful information that helps in making decisions. Sometimes advertisements exaggerate the benefits.)

2. Introduction to Advertising

   a. To help students understand how advertising is a factor that affects choices, ask students to tell about spending decisions they have made and what influenced them to spend. Explain that people, as well as other influences, help us make our spending decisions. Ask students if they can think of people who have helped them make spending decisions.

   b. Show students a variety of advertisements from magazines, direct mailings, newspapers, and photos of billboards, if possible. Explain that these are all forms of advertising.

   c. Ask students about the purposes of advertising. Answers should include how advertising provides information about what is available, price, and characteristics of the product being advertised. This combination of information influences spending decisions.

   d. If possible, share a videotaped TV commercial that targets young students or perhaps an audiotape of a TV or radio commercial. Talk about the many different ways that advertisers reach us, helping students recognize that advertising is everywhere.

   e. Perhaps some students have one of the products advertised in one of the advertisements. Ask those students if the product performed as advertised. For example, did the toy airplane on a ring really fly? (Answers will vary. Explain that advertising sometimes causes people to make unplanned spending decisions and sometimes exaggerates the benefits of the product advertised.)

   f. Choose one ad to analyze with the students' help. Ask them to decide how the advertiser is trying to make them want to buy the product in the ad. (Answers will vary. For example, a student might describe Michael Jordan in an advertisement for Nike, or Tony the Tiger eating cereal.)

3. Hits You Where It Hurts!

   a. Divide students into cooperative learning groups.

   b. Give a copy of Activity Sheet 12 to each group.

   c. Give several appealing ads to the groups. Have them write the name of the product from each ad on the appropriate line in

Activity Sheet 12. Instruct them to describe what things in the ads make them want to buy the products.

d. Have groups share their work with classmates when they have completed the task.

e. Ask students to decide which advertisement is the most powerful in making them want to buy a product, providing reasons for their choice.

4. An Advertising War

a. Divide the class into two groups. Each group will present a different toy of approximately the same price to advertise. Distribute markers and paper or poster board. Give groups time to work to organize an advertising campaign — coming up with posters, speeches, slogans or jingles.

b. Provide time for sharing. Perhaps students could present their campaigns to another class, letting them decide which is best.

c. Explain that this activity shows how advertising influences spending decisions. Have students choose which advertisements they believe would influence them to buy what was advertised. Ask students to give examples of advertisements that have influenced their decisions to spend for snacks, entertainment, gifts, and video or computer games.

d. As an optional extension, use student work (ads) to make a display or videotape students' campaigns.

5. What's Good? What's Bad?

a. Review with students the costs and benefits that were in Josh's decision to buy a hamburger that came with a free toy. (Josh got the free toy, but the hamburger was not as good as the taco. The toy and the box were not equal to the claims in the advertisement.)

b. When Josh chose the hamburger with the toy, what did he give up? (the taco) Explain to the students that the taco was Josh's opportunity cost.

c. Use advertising and other information about a popular toy to complete Activity Sheet 4. Students first used this activity sheet in Lesson 1.

d. Help students determine criteria for making a decision about the toy. Have students consider several factors, such as information from advertisements, price, and whether parents would approve.

e. Have students identify the positive aspects (benefits) and the negative aspects (costs) of the toy under consideration, weighing

the criteria determined in 5.d. Older students may work in cooperative learning groups on Activity Sheet 4. After students have considered the benefits and costs ask them to decide whether spending money for the toy is the best choice available.

6. Prediction Versus Actual

   a. After becoming better informed about the toy considered in the above activity, "What's Good? What's Bad?," have students make a pictograph or bar graph on the bulletin board, comparing the costs and benefits of the toy that was considered.

   b. Ask students if advertising or cost/benefit analysis provided better guidance for making the decision to buy.

4. CONNECT

Family Connection: Send parents a note in the Message Pocket asking them to help students remember products, toys, etc., that they bought or asked parents to buy that did not live up to the expectations shown in the advertisements. Parents could help students write this information and send it back to class in their Message Pockets. If students have not previously constructed Message Pockets, see Lesson 1 for materials and instructions. Parents could assist students in a scavenger hunt for advertisements. Students, with help from their parents, could identify what was especially appealing in the advertisements.

Social Studies Connection: Show students the video, *Buy Me That Too!: A Kid's Survival Guide to Advertising* or *Buy Me That 3!: A Kid's Guide to Food Advertising*, produced by Consumers Union, Publisher of *Consumer Reports*. Have students consider products which they bought or parents bought for them that were disappointing and not at all like the advertisements which influenced them to buy. Discuss the appeals used to help sell products illustrated by the video. Younger students could draw what their product was supposed to be like. Older students could write letters to the manufacturer, explaining what the students liked about a toy or voicing a complaint and providing reasons for their dissatisfaction.

Mathematics Connection: Set up a mini-carnival, simulating booths found at a carnival, such as a softball pitch, basketball throw, and ring toss. Provide students with play money to choose one booth. To attract buyers, students should prepare advertisements for their booths. Students will reverse roles as buyers and sellers at the midpoint of the activity. They will compare data about the booths on which buyers selected to spend their money and graph the results.

Children's Literature:

•Day, Alexander, 1989. *Carl Goes Shopping*. New York: Fairer Straps Gores. Carl the dog and a baby have a variety of experiences while on a shopping trip.

- Hill, Elizabeth Starr, 1993. *Evan's Corner*. New York: Harper Trophy/Harper Collins. Evan provides a service to neighbors and gradually earns enough money to make spending decisions.
- Hoban, Lillian, 1981. *Arthur's Funny Money*. Waco, Texas: Word, Inc. This book helps students to realize and appreciate the wise use of money in buying goods and services, encouraging them to use specific guidelines with reference to advertising and other influences.
- Mayer, Mercer, 1989. *Just Shopping with Mom*. Racine, Wisconsin: Western Publishing Co., Inc. A brother and sister have many wants when they go shopping with Mom.
- Silverstein, Shel, 1981. *A Light in the Attic*. New York: Harper & Row Publishers. In his poem, "Clarence," Shel Silverstein presents a young boy who is overwhelmed by television advertising and finally sends away for two new, improved parents.
- Silverstein, Shel, 1974. *Where the Sidewalk Ends*. New York: Harper & Row Publishers. "Smart" is a poem which describes decisions one boy makes about money.
- Smith, Barry, 1988. *Tom and Annie Go Shopping*. Tom and Annie's mother gives them a shopping list. They try to find everything on Mother's list at the cake store, hardware store, candy store, the fruit and vegetable market, toy bazaar, grocery, and newspaper and magazine stores.

Teacher Resource

"Buy Me That." A Kid's Survival Guide to TV Advertising, 1990,(28 minutes). Chicago: Films Incorporated Video, 5547 N. Ravenswood Avenue, Chicago, IL 60640-1199. (800) 323-4222 Ext. 43. This video introduces children to television advertisements for toys. A second video with the same title deals with television advertisements about food.

The Ad Made Me Do It

As Josh and Mom put their packages into the car after their busy shopping trip, Josh begins to think about food. Spending money at the store makes him hungry. He begins to hum the advertising jingle for bacon burgers. By the time they leave the parking lot, Mom is humming right along with him. "Do you think we are hungry?" asks Mom.

"Yes!" Josh quickly replies.

"Where do you want to go for lunch?" asks Mom. "I bet you want to go to Taco Casa* to get a taco. You like tacos."

Josh's favorite restaurant is Taco Casa. He really likes their tacos, especially when he gets to order two instead of just one. Thoughts flow through Josh's mind. In his mind he sees characters holding spears and plates of food; he sees large arches; he sees little plastic toys; he hears talking fish; he hears clanging bells, and he sees pictures of cartoon characters on big cups. Where do these thoughts come from? Why do food and hunger make him think of cartoon characters, bells, and plastic toys? Decisions! Decisions! Then he remembers... He remembers that the Burger Hut* advertisement on TV promised a special box with a toy in it if he bought a junior hamburger. That's what I'll have, a burger, fries and coke; that way I can have a toy too.

"Mom, I want to go to Burger Hut so I can get a hamburger."

"Josh, your choice surprises me. I thought you would choose Taco Casa. Usually, that's what you choose. Why do you want a hamburger this time?"

"I'm not sure. For some reason, a hamburger sounds better."

As Mom and Josh eat their hamburgers, Josh plays with his little plastic toy. After he dips a French fry into the ketchup, he reads a riddle written on the box to Mom. Then, he sips on his coke, and plays with the toy again.

"Josh, eat up. You haven't eaten much of your burger. Is something wrong?"

"No, Mom, but I think I really do like tacos better. Isn't this toy great?"

"Josh, are you telling me that you wanted to come to this restaurant just so you could get a plastic toy? What made you want the toy in the first place?"

Josh thinks a minute then tells Mom, "I saw the hamburger box and toy on TV. I thought it would be fun to get my food in a box and to get a toy too."

"Josh, it sounds to me like you gave up the opportunity to eat one of your favorite foods just so you could get a box and little toy. What do you think about your choice now?"

Josh looks at the little toy in his hand. This isn't really a fun toy, he thinks to himself. "I wish I'd picked the taco instead of the burger. This toy doesn't do what it did on TV and I had to throw the hamburger box away because it got grease all over it."

"Josh, you picked the burger because you saw the advertisement on TV. That ad made you think you wanted something you like less than what you usually buy."

Josh slips the toy into his coat pocket and smiles. He has learned a valuable lesson about decision making. He will listen, look, and think more about what he must give up and then decide.

* Teacher may choose to use the names of two local restaurants instead of the imaginary ones mentioned in the story.

ACTIVITY SHEET 12

Kids! Advertisers Want You!

Advertisers use many ways to make consumers want to buy certain products. Study the advertisements to decide how this is done. Put the name of a product on the line that matches how the advertiser is trying to reach you.

Love, Caring (the product will make you happy!) _____

Brand Names (well known; everyone wants these!) _____

Famous Personality (says the product is good, so it must be!) _____

Fun (the product will entertain you!) _____

Adventure (the product will let you escape from the real world!) _____

Being Special (the product is just for one select group, like, "for kids only!") _____

Hunger, Taste (the product will taste great and make you happy!) _____

In-Crowd (the product is what everyone wants now...it's cool!) _____

Looking Good (the product will make you feel good, look good, and make you popular!) _____

Healthy (the product will make you well or keep you healthy...better than other products!) _____

LESSON 8

Why We Save

1. FOCUS

Student Objectives

- List the reasons people save.
- Identify the opportunity cost when people decide to save instead of spend, and consider whether a good decision has been made in deciding to save.
- Calculate how money saved can accumulate into a larger amount over time.

Background

All decisions involve trade-offs — gaining something and giving something up. People make decisions about spending and saving. If people save, they incur an opportunity cost — the opportunity to satisfy the next most favored want. When people spend, they give up the opportunity to save. In either case, they incur an opportunity cost; and the decision they face is choosing the option with the lower opportunity cost. Over time, savings accumulate into a larger amount. The three reasons for saving are: to purchase a planned good or service in the future; to buy a good or service that people suddenly see and want; and to deal with emergencies and unexpected events.

Concepts

Choices, money, opportunity cost, saving, savings account, spending, wants

2. PREPARE

Copy of *Spend or Save?* story	Pictures of items to purchase that appeal to students
Paper penny strips	Paper pocket
Tags with days of the week printed on them	Activity Sheet 13: *Savings Tree*
	Paper dimes (optional)

1. Prepare a paper penny strip for each student. Put five paper pennies on each strip.

2. Prepare three pictures of items students may wish to purchase: one which would be readily available, such as an ice cream cone; one which would require saving, such as a movie ticket; and one which represents something unplanned, such as spending for an inexpensive toy. Tape the first two pictures on the blackboard. Put the unplanned spending picture in a pocket made from construction paper on the chalkboard.
3. Enlarge Activity Sheet 13 for a bulletin board.
4. Cut out paper dimes for the Mathematics Connection. (optional)

3. TEACH

Introduction

Introduce the story *Spend or Save?* explaining that this story is about Penny and her saving and spending decisions.

Activities

1. Spend or Save?

   a. Read the story *Spend or Save?* to the class.

   b. Ask students the following questions:

      1. What is the decision that Penny has to make? (to spend or save)

      2. Why does Penny want a new vest? (She wants the new vest to wear with her new five-pocket jeans.)

      3. What two things does Penny want to spend money for? (a bicycle and a fancy vest)

      4. Why must Penny make a choice between the vest and the new bicycle? (She doesn't have enough money to buy both the vest and the bicycle, or even enough to buy the bicycle now. She only has enough money to buy the vest now.)

      5. Why might Penny give up the vest now to have the bicycle later? (She realizes that money saved adds up over time. If she gives up the vest now, she will have more money for the bicycle and be able to buy it sooner.)

      6. How does Penny decide that she can have both a vest now and a bicycle later? (She decides to decorate her old denim vest, creating a "new" one. This will help her save money to buy the bicycle later, when she has accumulated enough money.)

      7. What will Penny have to give up to save for a bike later? (the fancy vest — her opportunity cost)

8. What does it mean when the story states, "Penny's plans are coming together?" (It means that Penny is learning to plan for a future purchase. She made a decision that will help her purchase a bicycle by saving her money now.)

9. How does Penny discover that she already has more money than she thought? (She counted the coins in her penny bank and found that she had saved more than she remembered)

10. Why is Penny's mother proud of her? (She is proud because Penny made her own decision about the vest and the bicycle.)

11. Where do you think Penny should keep her money? Why? (answers will vary)

12. What does the bank teller mean when she tells Penny, "Have fun watching your money grow." (She means that when you save money instead of spending it, it will keep adding up, "growing" in amount.)

c. Ask students to recall that Penny learned about a savings account, a passbook, and a deposit slip when she visited the bank with her mother. Have students explain the meaning of each of these three terms. Discuss:

1. What is a savings account? (the money a person has deposited at a bank for future purchases)

2. What is a passbook? (a record of how much a person has in a savings account)

3. What is a deposit slip? (a form that shows the amount a person intends to deposit in the bank)

2. It Adds Up!

a. Remind students that, in the story, Penny decides to save the money she would have spent so that she will have more money to spend on a bicycle later.

b. Explain that students will participate in a saving activity.

c. Give each student a paper penny strip.

d. Ask students what they can buy individually with the coins they have. Record responses.

e. Explain that if they spend the five cents they have now, their alternatives for spending may be very limited because they have such a small amount of money.

f. Ask students to think about how much money they would have if they didn't spend their pennies now, but instead saved an additional five pennies each day for one week. Guide students

by discussing the number of days in a week and how they can calculate the number of pennies they would have in one week.

g. To discover the answer, choose seven students to represent the days of the week. Have them stand in front of the classroom, each holding a tag designating a day of the week and a paper penny strip. Remind students that each of these pupils represents the five cents that each student now has.

h. Counting by fives, have the students say 5, 10, 15, 20, 25, 30, 35. The person holding Monday says "five cents," the person holding Tuesday says "ten cents," and so on until the Sunday person says "35 cents."

i. Explain that they can now see that in seven days they will each have 35 cents. This will help young children learn that savings increase day by day.

j. Continue the activity, depending on the maturity of the students, by challenging them to decide how much can be saved at the rate of five cents a day for four weeks. ($1.40) As an option, have students use calculators, and introduce multiplication to older students.

k. Ask students what they can buy with $1.40. Record these responses, comparing them to students' responses when they only had 5 cents to spend.

l. Discuss with students how saving only a nickel a day (remind students that a nickel equals five pennies, or five cents) can possibly help them make better purchases in the future.

3. Let's Make a Deal

a. Explain that Penny had to make a choice about whether to spend or save. In this activity, students will make decisions about spending now or saving for planned, unplanned, or unexpected purchases in the future.

b. Tape two pictures of items students would like on the chalkboard. One item should be something that is immediately available for purchase, such as an ice cream cone. The other item should be something that has a higher price and requires saving, such as a movie ticket. Hide a third item, which would be an example of unplanned spending or unexpected spending in a pocket taped to the chalkboard.

c. Explain that students must decide which of the three items they prefer to have and why. (They may prefer the first item because they can have it now. It would not be necessary to save. They may prefer the second item because it is worth the wait. The third item represents something that is unknown,

something that might come up in the future. Students may prefer this item if the first two are not appealing.)

d. Allow time for students to make a choice, choosing among items one, two, or three.

e. Have students explain their choices by comparing how much they like to spend now for something available and known with spending for something that is unplanned or unexpected.

f. Ask students to identify their opportunity costs after they have made their decisions. Have them consider whether they have made the best possible decisions in light of their opportunity costs.

g. Talk with students about why it is so hard to make saving and spending decisions with money and to decide, like Penny, whether to spend or save.

4. Voice, Write, and Read A Choice

a. Take the third item out of the paper pocket, and show it to the students.

b. Ask students to decide if they would stick with their original choices or change their minds now that they have explicitly considered how much they like each of the options. Have them explain their reasoning.

c. Have students write about their choices, their opportunity costs and their reactions to their choices.

d. Provide time for students to read what they have written to the class.

4. CONNECT

Bulletin Board Connection: Place an enlarged Activity Sheet 13 on the bulletin board. Use the savings tree to reinforce the second activity, "It Adds Up," in this lesson. Help students add the daily five-cent increments by counting in fives, similar to step h in the activity. Amounts may be changed, along with activities, to coordinate with the interactive bulletin board.

Mathematics Connection: Draw a bar graph (pictograph) which will measure wants and how long it will take to save enough money for these wants if one dime a day were saved. Label the horizontal axis "days." Each interval along the axis represents one day. Each interval should be at least the width of a paper dime. There should be enough days along the horizontal axis to accommodate the highest-priced item. Write the wants or glue pictures of wants along the vertical axis of the graph. Write the price of each want next to the item. Label the vertical axis "wants."

Provide a supply of paper dimes to equal the prices of all items. Explain that students will graph how many days it would take to save enough money to buy a particular item if ten cents were saved each day. Ask a student to tape or glue paper dimes to the right of an item, showing the number of saving days necessary.

Science Connection: Display a money plant for students to see. A money plant can be easily obtained from a craft store. Ask students why they think this plant is called a money plant, leading to a discussion that this is only its common name. The seeds of the money plant are in the shape of coins.

Obtain money plant seeds from a hardware store, or nursery, or through a seed catalogue. Plant seeds, and grow the plants in a lighted window or with a grow lamp for 8-10 weeks. Have students help in taking care of the plant to see that it is watered and kept warm. As the seeds grow into plants, discuss the responsibility of the students to nurture the plants. Students must have patience as the plants grow. Explain that the growth of the money plant, like the growth in savings, requires nurturing, time, patience, and work to see results.

Writing/Characterization Connection: Have the students choose a character from the story *Spend or Save?* Ask them to think about how that character would react in making decisions to spend now, save for a big purchase, or save for an unexpected event or emergency. Have students write a story about one of the characters in a decision-making situation. Allow students to share their stories.

Children's Literature:

- Caudill, Rebecca, 1964. *A Pocketful of Cricket*. New York: Henry Holt & Company. This is the story of a young boy who stuffs his pocket full of things he values. One day he decides to empty his pocket for one special thing, a cricket.
- Greenfield, Eloise, 1978. *Honey I Love*. New York: Harper & Row Publishers. The poem "Keepsake" expresses the feelings of an African-American child who decides to save a nickel because of the special value she has placed on it.
- Hoban, Lillian, 1981. *Arthur's Funny Money*. New York: Harper Trophy, a division of Harper Collins Publishers. In this beginning reading book, Arthur doesn't have enough money in his piggy bank to buy the Frisbee T-shirt and matching cap he wants. His sister, Violet, learns mathematics as he earns enough money for the T-shirt, cap, and has money left over for licorice twists for both of them.
- Pellowski, Michael J. 1986. *Moosey Saves Money*. Mahwah, New Jersey: Troll Associates. Moosey really likes to save money, but eventually he learns that there are times when it is wise to make decisions to spend instead of save.
- Ross, Tony 1989. *I Want a Cat*. New York: Farrar Straus Giroux. Jessy wants a pet cat so much that she sews a cat suit and wears it to school. After several adventures, her father goes to the pet store and buys her a cat.

Teacher Resources

- Phipps, Barbara J., Martha C. Hopkins, and Rita Littrell, 1993. *Master Curriculum Guide in Economics: Teaching Strategies, K-2.* New York: National Council on Economic Education. This book has lesson plans and resources for teaching economics in the kindergarten through the second grade curriculum.

Spend or Save?

"Spend or save, spend or save? What to do? Buy a vest, save for a bike? Oh what to do?" thinks Penny as she looks at her reflection in the mirror. Penny is wearing her new five-pocket jeans. As she looks at her reflection in the mirror, she thinks about ways to use the money that she earned when she walked Mr. Lopez's dog, Brandy. She has had fun dreaming about what to do with the money. She has so many wants. Like everybody, Penny's wants go on and on. Now she is planning how to use the money she earned. She is very proud of her five-pocket jeans and wants a fancy vest to wear with the jeans. As much as she wants a fancy vest, she also wants a bike. She knows that she doesn't have enough money to buy a bike, though she does have enough to buy a fancy vest. She asks herself, "Do I spend money now for a vest, or do I save money so that I can buy a bike later? If I buy the vest, I will have to wait longer for the bike. If I save for the bike, I can't have the vest. Which one do I want more? What am I willing to give up more readily to get what I want?"

The telephone rings. When Penny answers the phone, she hears Sally's voice. "Oh, Penny, guess what my mom is teaching me to do? She is showing me how to decorate my old denim shirt. Penny, I am having lots of fun decorating the shirt. I bet you could make your old denim vest look fancy if you decorated it the same way I am decorating my old shirt. It would look great, Penny. Mom said that she would show you how to decorate your vest. What do you think?"

"Sally, I like your idea. If your mom teaches me how to make a fancy vest, then I can save more money to buy a bike."

Penny's plans are coming together. She will learn how to decorate her old vest so she can wear it with her new five-pocket jeans. She will save money so that she can buy a new bike. First Penny looks in a catalog to find out the price of bikes. As she reads information about bikes, she realizes that she must decide what kind of bike she wants — a mountain bike, a street bike, or a racing bike. Then she needs to know how much money she already has and how to save the money she still needs.

Penny lies across the bed with her penny bank in front of her. She opens up her penny bank and lets the coins fall out all over the bed cover. As she counts the coins, she realizes that she has already been saving money. All these coins are adding up to a lot more money than she thought she had. In a little notebook, she records the money from the penny bank and the money that she earned for walking Brandy. Then she adds the two amounts together. She notices that she still needs more money to buy a bike.

Mom comes into Penny's bedroom with a pile of clean clothes in her arms, "What are you figuring out in your notebook, Penny?" asks Mom.

"I want to buy a bike and I don't have enough money to get one. I have to save more money if I want to get a bike. I counted all the coins in my penny bank. With the money I earned for walking Brandy, I still don't have enough to get a bike. See, I wrote it all down in the notebook."

"Penny, I am proud of you. You have thought about how to use your money. You have made a decision to save money to buy a bike. Bikes cost lots of money — more money than you have right now. It will take time to save the rest of the money you need. Have you decided where to keep the money you already have saved?" asks Mom.

Penny looks up at Mom and asks, "Is there a special place for me to save money other than my penny bank?"

Mom smiles and says, "Penny, I need to go to the bank this afternoon. How would you like to go with me? Maybe we can get an answer to your question at the bank."

At the bank, Penny meets a friendly man who invites her to sit down at a desk. The man tells Penny about savings accounts, passbooks, and deposit slips. "Penny, people who save money find many ways to keep their money until they want to withdraw it. A savings account is one way to keep the money until you want it. When you visit a bank, you fill out a deposit slip to tell the bank how much you are putting into your savings account. The bank teller records the money into a passbook that you keep as a record of how much is in your savings account."

Penny fills out a deposit slip, showing how much money she wants to put into her new savings account. She takes the deposit slip and her money to the bank teller. The teller accepts the money, reads the deposit slip, and records Penny's deposit in the passbook. When the teller hands Penny the passbook, she says, "Have fun watching your money grow, Penny."

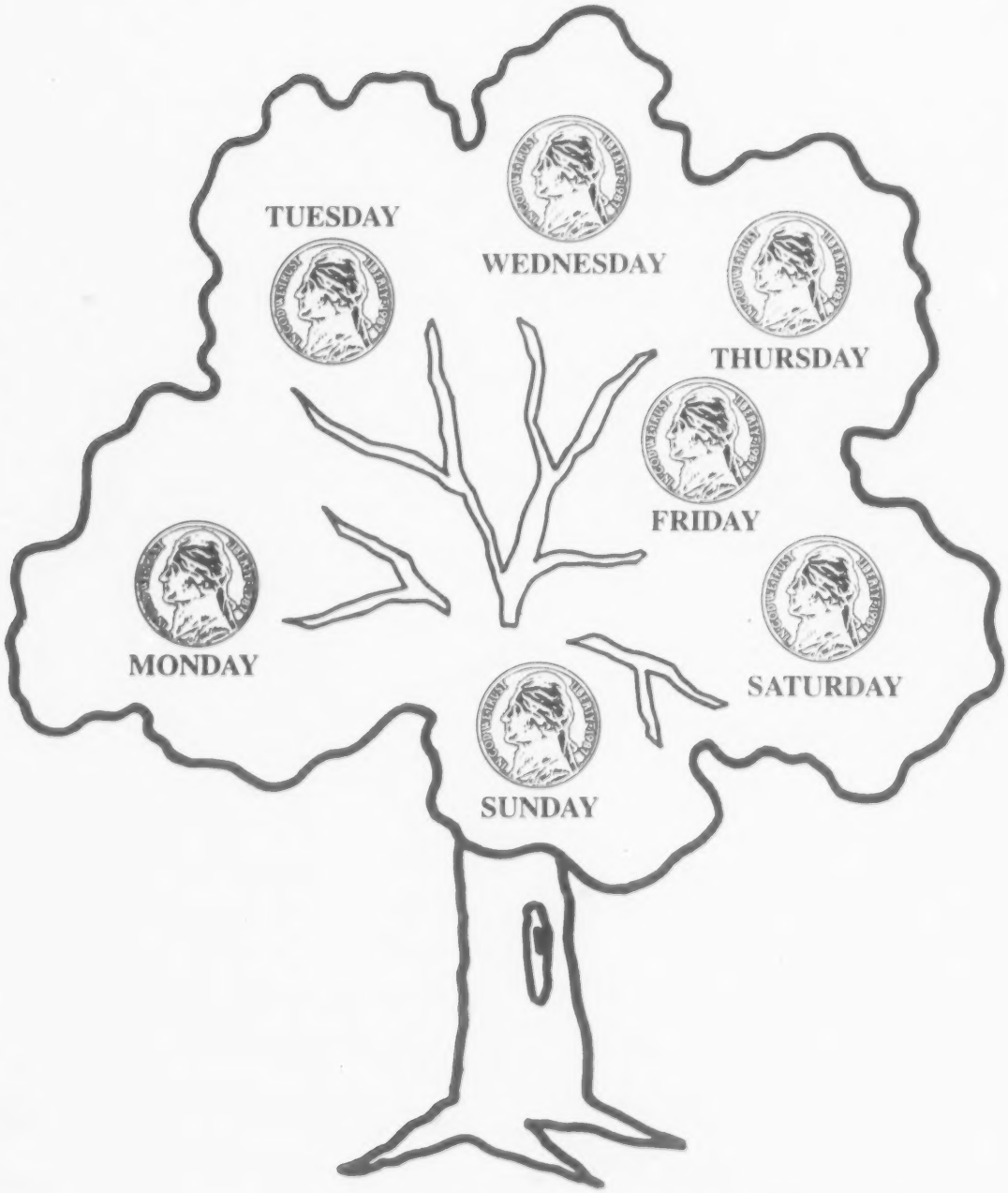
As Penny sits next to Mom in the car, she asks, "What did the lady mean about watching my money grow? Does money really grow?"

Mom laughs and says, "Penny, money doesn't grow like a plant or little puppy. People say that money grows when you save the money and the amount grows larger and larger. The more you save, the more the money grows."

Penny laughs and says to Mom, "Then I am going to have fun watching my money grow. I'm going to take good care of my new passbook. Now I need to figure out how to earn the rest of the money I need to buy a new bike. As I earn and save more money I can watch my money grow."

ACTIVITY SHEET 13

Savings Tree



LESSON 9

Budgeting Is a Way to Plan for Saving

1. FOCUS

Student Objectives

- Use the concept of opportunity cost to decide how to spend and save.
- Identify scarcity as not being able to have everything one wants.
- Demonstrate that good decisions about saving involve planning and budgeting.
- Explore the best places to keep savings.

Background

This lesson focuses on planning for saving. Budgeting your money is an especially good way to plan for saving. Money we save is spent for goods and services in the near or distant future. We also save money for unexpected wants and unplanned circumstances and emergencies.

People want to keep money that they save in a safe place that is also accessible to them. The most common place to keep saved money is at a bank.

Concepts

Bank, budgeting, choice, saving, spending, money, scarcity

2. PREPARE

- Copy of *Savings to the Rescue* story
- Activity Sheet 14: *My Family Spends and Saves*
- Chart paper (optional)
- Activity Sheet 2: *Paper Money*
- Activity Sheet 15: *Spend Now, Save for Later*
- Activity Sheet 16: *Withdrawal or Deposit*
- Scissors
- Dice
- Pennies, counters, or tokens
- Activity Sheet 17: *Piggy Bank*
- Activity Sheet 18: *Savings Register*
- Calculators (optional)
- Pictures of goods from catalogues or magazines
- Index cards

1. Make a transparency of Activity Sheet 14, or write "My Family Spends and Saves" at the top of a sheet of chart paper or on the board.
2. Make enough copies of Activity Sheet 2 so that each student will have five, one-dollar bills.
3. Make a copy of Activity Sheets 15 and 16 for each student.
4. Gather 50 pennies, counters, or tokens for each group of five students.
5. Collect enough dice so that each group of five students has one die.
6. Make a copy of Activity Sheet 17 for each group of five students.
7. (Optional) Make a copy of Activity Sheet 18 for each student.
8. (Optional) Paste pictures from magazines or catalogues to index cards. Write the price of the item at the bottom of the card. Make enough so that each student has five "item" cards. (See Mathematics Connection.)

3. TEACH

Activities

1. Savings to the Rescue

   a. Read the story, *Savings to the Rescue*, to the students.

   b. Ask the following questions at the end of the story, or intersperse them at appropriate intervals:

      1. Why were Penny and her mom sad? (Scarcity exists and they have to make a decision about the use of money they have been saving. They will have to decide between a new television or a vacation.)
      2. Why was Penny's mother saving money? (She was saving for a vacation away from home.)
      3. Did Penny's family have a plan for what to do with saved money? (Yes.)
      4. What does Penny want to do with the saved money? (She really wants both the vacation and the television set.)
      5. Can Penny and her mom have everything they want? (No)
      6. Is the new television planned or unplanned spending? Why? (It's unplanned because no one can know when a television will have to be replaced.)
      7. How do you feel when you get bad news? (Answers will vary but may include disappointment, anger, and sadness.)
      8. What decision must Penny's family make? (It must decide whether to use the savings for a new television set or for the vacation.)

2. Now or Later?

   a. Talk with students about Penny's decision. Discuss the "now" and "later" parts of her decision-making process.

   b. Write "budget" on the board. Ask students if they know what a budget is. Explain that a **budget** is a plan for how to use money now and in the future and that everyone needs a plan as a guide in deciding how much money to spend and how much money to save.

   c. Either use Activity Sheet 14 as an overhead transparency or write the heading "My Family Spends and Saves" on chart paper or the chalkboard. Under the heading, write the following questions:

      1. What kinds of things might you and your family spend money for today? (Responses may include a toy, a book, candy, food, gas for car, electricity, or telephone.)

      2. What kinds of things might you and your family spend money for later? (Responses may include a vacation, new clothes, college, or special gifts.)

      3. What happens if we spend all of our family's money today? (There would be no money to spend at a later time.)

      4. What can we do to try to have enough money for later? (We can save money now.)

      5. What are some wants your family has for which you will need to save? (Answers will vary.)

      6. How can the idea of opportunity cost be helpful in choosing among these possibilities? (By thinking about opportunity cost, people consider the costs of different alternatives.)

   d. Older students may be organized into cooperative learning groups and given a copy of Activity Sheet 14. Have students work together to read and answer the questions on the activity sheet, as one student records. Ask students to share their responses, and write them on the board, discussing those which are most common to families.

3. Don't be a Budget-Buster! Practice Budgeting

   a. Reinforce the idea that families have money to spend, and most families find it helpful to save some money for later. Remind students that many families use plans, called budgets, to guide them in spending and saving.

   b. Give copies of Activity Sheet 2 to students. Have students cut the paper money apart so that each student has five, one-dollar bills. Tell them to fill in their names on each piece of money.

c. Give each student a copy of Activity Sheet 15 to use at his or her desk. Tell the students to decide how to budget their five dollars between "Spend Now" and "Save for Later" as written on the sheet. Have students line up their five dollars in the columns they choose.

d. After students have made their budgeting decisions, read the following situations to them or make up situations, and have them role-play spending and saving, by giving up money for spending on wants now to have money for future purchases later. Have the students turn in the dollars they spend as you read the situations.

- If you saved a dollar, you may go to the new movie this weekend.
- Now you want a decorated pencil for school. It has a price of one dollar.
- Your bike needs a new tire. If you saved two dollars, you will be able to have the tire repaired and ride your bike after school.
- Now you want a cold soft drink after playing on the playground. You must spend one dollar.
- If you saved two dollars, you may go on the school field trip to the children's museum.

e. Have students identify the opportunity cost of each of their choices. Explain that opportunity cost is the most favored thing that is given up when a choice is made.

f. Chart the number of play dollars spent and those saved. Graph the results.

g. Have students play the game again. With the additional information provided by opportunity cost, they may make different decisions. Ask them if they made good choices or decisions with their money and why.

4. Pocket or Piggy?

a. Explain that many adults, such as Penny's mom, keep their savings at a bank.

b. Explore with students that the money people plan to spend would be kept in one of their pockets. Ask them why they do not carry the money they plan to save in their pockets. (Answers will vary but may include too heavy, too easy to drop or lose, problem of moving the money when clothes are changed, too easy to spend, and the fact that they won't be using the money soon.)

c. Ask the students to think of places where they could save their money. (Answers may include piggy bank, sock, envelope,

drawer, coffee can, box, bank, or give to an adult for safekeeping.)

d. List the students' responses on the chalkboard. Across the top of the list, write the criteria "safe," "big enough," and "easy to use."

e. Have the students put an X under each criterion if it applies to the savings place.

	Safe	Big Enough	Easy to Use
Sock		X	X

f. To conclude this activity, have students decide on the best place to keep money, and why.

5. Savings Just Keep Rolling Along

a. Divide the class into groups with five students in each group.

b. Give each student a pair of scissors and a copy of Activity Sheet 16.

c. Have each student cut out withdrawal and deposit slips from the activity sheet, shuffle them, and stack them facing down in the middle of the group.

d. Give a die, a set of 50 pennies, chips, or counters and a copy of Activity Sheet 17 to each group.

e. Define **deposit** as money coming into a bank. Define **withdrawal** as money going out of a bank. Tell the students this story: *Uncle Dave has given you a piggy bank, and he has started your savings plan by depositing 10 pennies in the bank.* To get the game started, have each group deposit a total of 10 pennies into its Piggy Bank.

f. Each student takes a turn rolling the die and calling out the total rolled. The student then draws a card from the pile and turns the card over to find out whether to deposit or withdraw the total rolled by the die. As each student adds or subtracts pennies from the piggy bank, the student states what he/she is doing — "I rolled a five and the card says 'deposit.' I am depositing five pennies into the piggy bank."

g. After each group member has a chance to roll the die, have the group add up the total saved in that round.

h. To add more of a challenge to the game, distribute a copy of Activity Sheet 18 and a calculator (optional) to each student. As each member of the group rolls the die, every student in the group records the results of the rolls. In this way, students become aware that when people deposit money in a savings

account they add to their savings; when people withdraw money from a savings account, they subtract from their savings.

i. At the end of the allotted time or number of rounds played, each group calculates the amount saved. As an optional writing activity, students could turn over the activity sheet and write a few sentences that tell what the word "saving" means.

4. CONNECT

Mathematics Connection: To reinforce a common reason for saving, discuss how people often want something, but don't have quite enough money to buy it. Discuss that people usually earn money to save for major purchases.

a. Make a chart with the following columns:
   1. Item wanted
   2. Price of item
   3. How much money I have, and
   4. How much money I need.

b. Make "item" cards, by pasting cutouts from catalogs or magazines on index cards, that have a higher price than the amount of money you will give students.

c. Give each student a designated amount of money, a copy of the chart, and five "item" cards.

e. Ask them to complete the chart. As optional procedures, students could work as a whole group or in cooperative learning groups.

Social Studies Connection: Have students who have "piggy" banks at home describe them for the class. Research the history of the "piggy" bank. Students will find that the first piggy banks were called "pygg" banks, named for the type of clay that was used in making the jars that were used to store money. As a follow-up begin a management system of positive classroom behavior. Tell students that for a time you will put a play coin inside a jar when you feel that the class has behaved well, such as working quietly, helping each other, staying on task, etc. This will be the class "piggy" bank, representing savings that can be used later for something the teacher will provide.

Language Arts/Writing Connection: Have students write a story about themselves in one or more of the following three situations:

1. Spending for something now,
2. Saving for something to purchase later, and
3. Saving for an unexpected want, using examples of items that would be meaningful to them.

Use opportunity cost to assess whether good decisions were made in each of the three situations.

Drama Connection: Have students role-play a scene at the bank. One student will fill out a pretend deposit slip, while a second student will act as the banker. Pairs of students can repeat the activity, reversing roles.

Community Connection: Take the class on a field trip to a bank so that students can actually see a bank vault where people's money is stored and saved.

Science Connection: Compare saving money to planting a garden. Planting a garden shows a real physical growth of living plants, while saving money is more abstract, showing financial growth. Older students can use a Venn diagram to plot the similarities and differences of growing plants and growing money by saving. To compare these two ideas, grow a lima bean plant in the classroom. At the same time, watch money grow by putting a play coin into a jar each time the students exhibit some type of good behavior.

Family Connection: Have the students talk with their grandparents or senior citizens about where money was saved 50 years ago, as well as for what kinds of things they saved. Students can compare prices of cars, houses, candy, and other items then and now.

Library Connection: Assist students in researching hibernation, considering how animals save for winter. Connect the idea of how a hibernating animal, such as the Kodiak bear, prepares and plans for the winter months. Connect the example of a bear's feeding habits to develop layers of fat so that it is secure in winter, to saving ahead for a rainy day or for something they will want in the future. Explain that squirrels and some other animals also save food for future use.

Children's Literature:

- Aldridge, Josephine Haskell, 1994. *The Pocket Book*. New York: Simon and Schuster. Abby convinces her mother that she needs 10 pockets on her dress, each to safely hold something special.
- Caple, Kathy, 1992. *The Purse*. Boston: Houghton-Mifflin Co. After spending her money to buy a new purse, Katie must make some decisions about getting money to put in it.
- Freeman, Don, 1978. *A Pocket for Corduroy*. New York: Puffin Books, a division of Penguin Books USA, Inc. Corduroy, a toy bear, wants pockets like Lisa uses to store things.
- Lenning, Lorene Renie, 1990. *For More Than Money*. New York: Scott, Foresman & Company. The story, "The Kingdom of Throwaway," analyzes the concept of saving, providing an acronym to help children remember components of its definition.
- Mendez, Phil, 1989. *The Black Snowman*. New York: Scholastic, Inc. An incredible black snowman helps a family through some difficult times as two brothers want desperately to get their mother a special Christmas present. They save cans and bottles to save enough money to carry out their wish.
- Mills, Lauren, 1991. *The Rag Coat*. Boston: Little, Brown and Company. A mother saves scraps of fabric over the years to make her daughter a coat. Although the child is teased by classmates about her coat, she wears it proudly and is able to tell a different story with each piece of the coat.
- Newton-John, Olivia and Brian Seth Hurst, 1993. *A Pig Tale*. NewYork: Simon & Schuster. A young pig is embarrassed by his

father's need to constantly save items for future use until his father produces an amazing "flying balloon."

- Shaw, Nancy, 1991. *Sheep in a Shop*. Boston: Houghton MifflinCompany. Five sheep take their piggy bank and go shopping for many things they want. When they dump coins out of their piggy bank they find they don't have enough money. They decide to clip three bags of their wool and trade the wool for what they want.
- Williams, Vera, B., 1982. *A Chair for My Mother*. New York: Mulberry Books. A child, her mother, who is a waitress, and hergrandmother save dimes to buy a comfortable armchair after all their furniture is lost in a fire.
- Zolotow, Charlotte, 1965. *Someday*. The idea of someday connects young children to time in the future. One particular verse alludes to saving for gifts for others someday.

Teacher Resource

Saving Makes Sense. This is an elementary school banking program. Students learn money management skills. Activities are for grade three and up but primary teachers can adapt some activities for younger students. Massachusetts State Treasurer's Office, Room 227, Boston, Massachusetts 02133.

Savings to the Rescue

Penny sits at the kitchen table looking sadly at Mom. Mom looks sadly back at Penny. They have been saving money for a long time for a vacation. They planned. They prepared a budget. Every week Mom put money into the bank, saving the money for a vacation to _____ _____ (a location students like to visit). They have been talking about the big dream vacation, but now they have an emergency. This morning when Penny tried to turn on the television, it would not work. Mom checked with the TV repair service, and she learned that it will cost more to get it repaired than to buy a new television.

Penny sips on her can of soda and nibbles on a cookie, listening to Mom. "Penny, we don't have enough money to buy a television unless we use most of the money I have been saving for a vacation. We all enjoy watching television and we have dreamed of going on a vacation next summer. We need to decide what to do. Should we buy a television knowing we will not have enough for a vacation, or should we go on the vacation knowing we will not have enough money to buy a television? If we decide to buy a television, I will need to withdraw the money from my savings account."

"But, you promised me that we would go on a vacation this summer. You promised. Now you tell me we can't go."

"No, Penny," Mom replies, "I said we will need to decide whether to buy a television or go on a vacation. We can decide to go on our vacation, but if we do we will not have a television to watch."

"That's not fair, I like to watch television after I do my homework," whines Penny.

Mom responds, "Penny, this is not a happy time for me either, but sometimes families have emergency situations. When emergencies happen, we have to make decisions. I know this is hard for you to accept, but we do not have enough money for both the vacation and a new television."

Penny is so angry that she runs to her room. She falls across her bed, crying and hugging her pillow. The more she cries, the more she knows Mom is right. It's not Mom's fault--it's scarcity! Penny and her mom want the vacation *and* the television. Mom works hard, but she can only earn so much. Penny knows Mom tries to save, but there just isn't enough to satisfy all their wants.

Penny slowly gets up from the bed and walks to the mirror. She sees her tear streaked face reflected in the mirror. Getting bad news is no fun she thinks to herself. Why does Mom have to be right? I so want to go on a vacation, but I also like watching TV.

As she wipes the tears from her face, she thinks about how her mother must be feeling right now. She has planned for this vacation for a long time, and she has made difficult budgeting

decisions. She remembers the trips Mom made to the bank to deposit her savings. Mom likes watching TV as she relaxes at the end of her busy days. This decision is hard for her also.

Penny slowly walks to the kitchen. She finds Mom preparing dinner. Mom doesn't look very happy. "Mom, I'm sorry," says Penny. Mom turns around and hugs Penny.

"Penny I am just as unhappy as you are. I know how you feel. I wish we could have everything we want. I wish we could buy a new TV and go on our dream summer vacation, but we can't do both. Penny, why don't we fix dinner together, and we can talk about what we think we should do while we eat dinner? Does spaghetti sound good to you?"

Penny says, "okay," but she is really thinking about the decision she knows they must make.

ACTIVITY SHEET 14

My Family Spends and Saves

1. What kinds of things might you and your family spend money for today?

2. What kinds of things might you and your family spend money for later?

3. Should we spend all of our family's money today? Why?

4. How can we be sure to have enough money for later?

5. What are some wants your family has for which you will need to save?

6. How can opportunity cost be helpful in choosing among these possibilities?

ACTIVITY SHEET 15

Spend Now, Save for Later

ACTIVITY SHEET 16

Withdrawal or Deposit

Withdrawal	**Withdrawal**
Withdrawal	**Withdrawal**
Deposit	**Deposit**
Deposit	**Deposit**
Deposit	**Deposit**
Deposit	**Deposit**

ACTIVITY SHEET 17

Piggy Bank

DEPOSITS

WITHDRAWALS

ACTIVITY SHEET 18

Savings Register

Savings Just Keep Rolling Along Savings Register				
Roll	**Student**	**Deposit**	**Withdrawal**	**Balance**

LESSON 10

Saving Requires Waiting

1. FOCUS

Student Objectives

- Explain that saving is an alternative to spending.
- Identify the benefits, costs, and opportunity costs of saving decisions.
- Show that a plan, such as a plan to save, can transform a wish or want into an achievable goal.

Background

This lesson focuses on setting savings goals and the benefits and costs of saving. Saving is delayed spending. People decide to save in order to reach goals. There are benefits and costs to such a decision. The benefits include accumulating money to achieve goals. The costs include not being able to satisfy wants now.

Concepts

Benefits and costs, money, opportunity cost, saving, wants

2. PREPARE

Copy of *Worth the Wait* story	Pictures or photographs of people
Mirror	
Activity Sheet 19: *Up a Tree*	Activity Sheet 20: *Planning*
Message Pockets	

1. Make a copy of Activity Sheet 19 for each student.
2. Find pictures or photographs of an infant, a child the age of the students, an adult, and a senior citizen.
3. Make a copy of Activity Sheet 20 for each group in activity 4, "From Wishes and Wants to Goals and Rewards."
4. For materials and instructions to make Message Pockets, see the first page of Lesson 1.

3. TEACH

Introduction

Read the story *Worth the Wait* to the class. Reinforce the idea that the students cannot see into the future to know exactly what their wants might be — just as Penny cannot foresee her future wants and why she will save money.

Activities

1. Worth the Wait

    a. Ask as many students as time allows to look into the mirror and recite a familiar fairy tale line with an economic twist:

    "Mirror, mirror, on the wall,
    when will I need money after all?"

    b. Discuss that if it were easy, people would only have to talk to a mirror to know what the future holds or look into a crystal ball for answers to questions about why they will need money in the future.

    c. Explain that, in real life, no one can foresee the future, and that's one reason why saving is so important. People must make decisions that will prepare them for the future.

    d. Ask the students the following questions about *Worth the Wait*:

        1. Do you dream about the future? (Allow time for students to tell about their dreams.)
        2. What was Mr. Lopez's dream? (to go home to Mexico where he was born)
        3. What was the opportunity cost to Mr. Lopez of saving money? (not being able to own and use a car)
        4. Were Penny's wants the same as Mr. Lopez's wants? (no)
        5. Why are people's wants different? (Individuals have different wants, dreams, and goals.)

2. More than "5Ws!"

    a. Write the following sentences on the chalkboard, and underline all words starting with a "w."

    When people have wants, it's sometimes worth the wait.

    That's why they make decisions to save.

    b. Ask students what they think the statement means.

c. Guide students so that they recognize that people sometimes want things that they can't have immediately because their incomes are limited. If they plan and save, their wishes and wants may become goals and may be realized in time. Sometimes it is worth the wait to have what they want in the future, even if they have to put off things they would like to have now.

d. Explain that people learn to give up what's less important in order to have things that are more important.

e. Ask students to think of examples in which a decision to save enabled them to reach a goal. To start students thinking, give the following example:

> *Mary collects a large bag of Halloween candy. She might decide not to eat all of the candy now and save some to enjoy later.*

3. Up a Tree

   a. Give a copy of Activity Sheet 19 to each student.

   b. Pair the students, and have them choose a want that is easy to have now and a future want in the form of a goal they could reach only by saving.

   c. After students have made their decisions, have pairs of students complete the activity sheet.

   d. Have the students talk about the good and bad points (benefits and costs) of reaching the goal.

   e. Individual student stories may be used to create a class big book entitled "I'm a Super Saver."

4. From Wishes and Wants to Goals and Rewards

   a. Explain that Mr. Lopez experienced a decision about the use of savings for his trip home. Students will role-play an infant, a child their age, an adult, and a senior citizen.

   b. Show the pictures or photographs of the four age groups. Describe the people in the pictures.

   c. Group the students, and give each group a picture for the role play. Give each group a copy of Activity Sheet 20.

   d. Tell students to pretend that they are the person in the picture. They should brainstorm and list wishes and wants of the person in the first column.

   e. Tell students to skip the second column, and explain that the plan will get them to the goal. People must know first what the goal is. Have student groups complete the third column by

considering a realistic version of wants. For example, if they list all the toys in a special toy store as wants for the person in the picture, encourage them to choose one specific toy as the goal/reward.

f. Return students to column two. Ask them to consider a specific saving plan, such as saving fifty cents a week. Have students imagine the most favored alternative use of the money saved. Identify this as the opportunity cost.

g. When the table has been completed, explain that a want can become a goal/reward by using a plan and making saving decisions.

h. (Optional) This activity may be extended into mathematics. Have students research the price of the want and then determine how long it will take to reach the goal/reward.

4. CONNECT

Community Connection: Invite someone from the local Chamber of Commerce to the classroom to share information about community plans and future goals and what those goals will cost the community in immediate wants.

Family Connection: Send parents a copy of Activity Sheet 20 in the Message Pockets. Ask them to share "family" wants with the class and to discuss goals and plans in their family's future. Advise parents that sharing in this fashion helps students to understand reasons for saving.

Math/Social Studies Connection: Get travel brochures/maps from a local travel agency. Have students estimate a five-day, planned vacation to a special destination outside the local area. Have them read the travel brochures and compute expenses, such as gas and hotel rooms. Then have students compute the cost of a five-day, planned "home vacation" in which they will visit places of interest in their local area.

Writing Connection: Design a writing sheet in the shape of a large umbrella. Have students write a poem in couplet form entitled *Saving for a Rainy Day*.

Language Arts/Bulletin Board Connection: Have students create an acrostic using the letters "S-A-V-I-N-G-S." That is, students will write a descriptor/description next to each letter, using that letter as the first word of the descriptor. Create a bulletin board entitled "Pocketful of Savings," by using the acrostic for "P-O-C-K-E-T-F-U-L" along with students' acrostics for "S-A-V-I-N-G-S."

Children's Literature:

•Berg, Adriane G. and Arthur Berg Bochner, 1993. *Totally Awesome Money Book for Kids and Their Parents*. New York: Newmarket Press. Several chapters in this book make students aware of money and money management. The book also includes advice about saving decisions.

- Berry, Joy Wilt, 1984. *What to Do When Your Mom or Dad Says "Turn Off the Water and the Lights!"* Waco: Word, Inc. This story connects conservation of energy and natural resources with saving money and saving our world for future generations.
- Blos, Joan W., 1989. *The Grandpa Days.* New York: Half Moon Books. Phillip comes up with just the right project to build with Grandpa during their week together, but first he has to learn the difference between wishes and good planning.
- Mitchell, Margaret King, 1993. *Uncle Jed's Barbershop.* New York: Simon & Schuster. Despite serious obstacles and setbacks, Sarah Jean's Uncle Jed, the only African-American barber in the county, pursues his dream of saving enough money to open his own barbershop.
- Williams, Vera, B., 1982. *A Chair for My Mother.* New York: Mulberry Books. A child, her mother who is a waitress, and her grandmother save dimes to buy a comfortable armchair after all their furniture is lost in a fire.
- Williams, Vera, B., 1983. *Something Special for Me.* New York: Mulberry Books. Rosa has difficulty choosing a special birthday present to buy with the coins her mother and grandmother have saved. She has many things she wants but only enough money to buy one.

Worth the Wait

Penny and Mom enjoy sitting on the front porch after dinner. There is always lots going on in the neighborhood when everyone comes outside. Penny sees Josh and Nicholas playing ball and Miss Hattie working in her garden. Here comes Mr. Lopez with Brandy up the sidewalk. Mr. Lopez has the biggest smile Penny has ever seen.

"I have wonderful news! I am so excited that I had to share it with someone!" Mr. Lopez says.

"What is it? Tell me! Tell me!" Penny cries. She can't wait to hear Mr. Lopez's news.

"Well, Penny, I'm going home for a visit—the home where I grew up. It's the trip I've always dreamed about, and it is finally coming true!"

Mom invites Mr. Lopez to sit with them on the porch, and Brandy sniffs around the yard. "Where is home, Mr. Lopez?" Mom asks.

"I was born in Mexico seventy years ago. I have wanted to visit before, but the travel is so expensive that I never had the money to go. I've been saving some of my money each week for five years. By riding the bus and not having a car, I was able to save for this trip. For me, it's a dream come true!" Mr. Lopez laughs out loud.

Penny looks confused. "Mr. Lopez, why would you save money by riding the bus just to go back home? That doesn't seem like much fun to me."

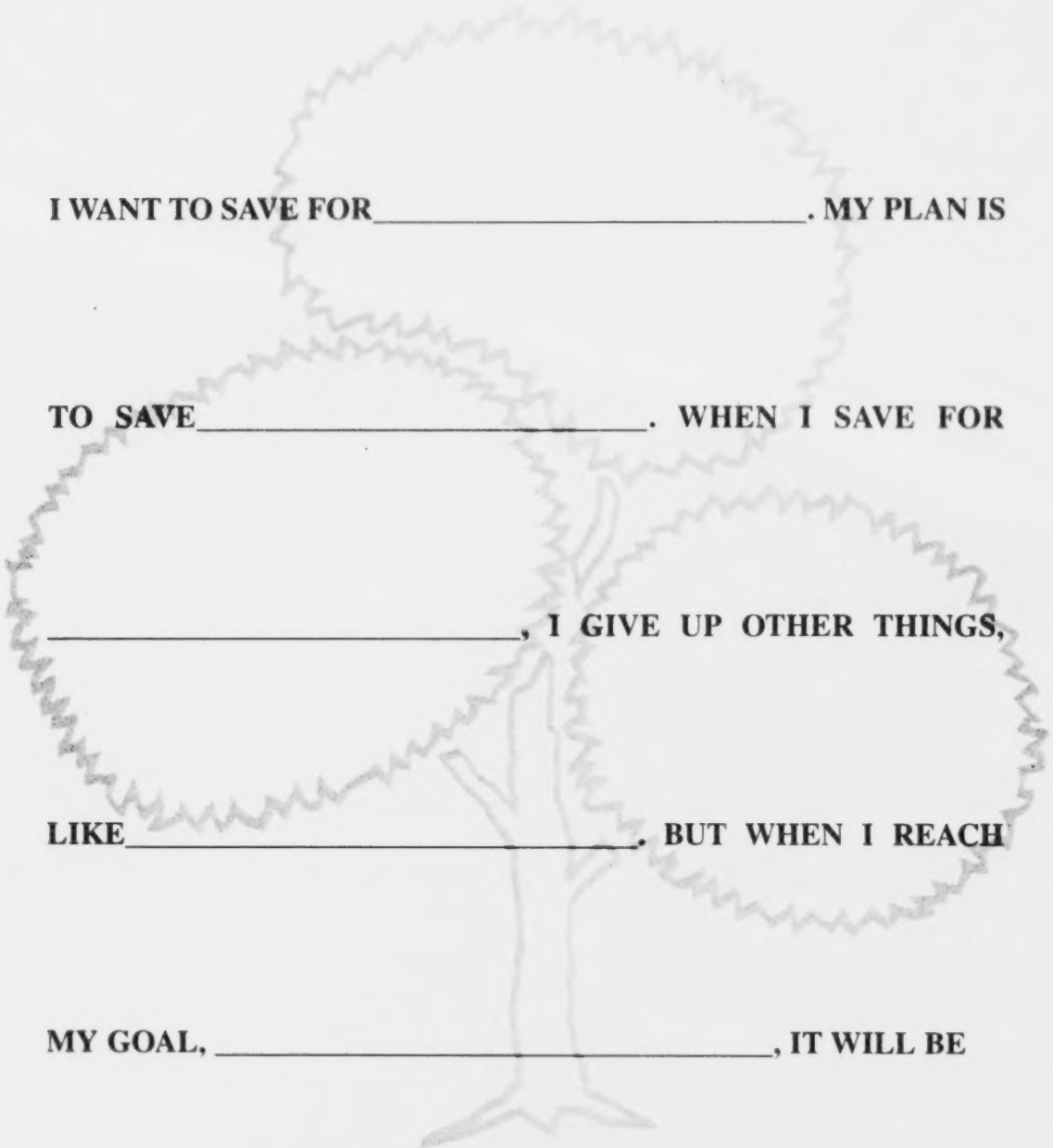
Mr. Lopez pats Penny on the hand. "You are young. Bikes and movies are fun for you now, and I bet you save your money for those things. But when you get to be older like me, you have different wants. When I look in the mirror it's hard to think that I am not a young boy anymore. Penny, you will find out how quickly time passes. Before you know it, you will be grown up and have new and different wants."

Penny looks at Mom. "Mom tells me I am growing up too fast for her, too. When I look in the mirror, I just see a loose tooth."

Mr. Lopez calls for Brandy. "It's time to go Brandy. We have lots of plans to make." He waves goodbye to Mom and Penny. He stops in the yard and says, "Penny, don't worry about getting older. You will reach your dreams too, like me. I'm so glad I saved for my trip. Believe me, it's worth the wait."

ACTIVITY SHEET 19

Up a Tree



I WANT TO SAVE FOR_____. MY PLAN IS

TO SAVE_____. WHEN I SAVE FOR

_____, I GIVE UP OTHER THINGS,

LIKE_____. BUT WHEN I REACH

MY GOAL, _____, IT WILL BE

WORTH THE WAIT!

ACTIVITY SHEET 20

Planning

Wishes/Wants	Plan	Goal/Reward

LESSON 11

To Borrow or Not to Borrow — That Is the Choice

1. FOCUS

Student Objectives

- Identify examples of borrowing.
- Identify reasons why people borrow.
- Distinguish between responsible and irresponsible decisions about borrowing.
- Use benefits and costs to evaluate a borrowing decision.

Background

Scarcity exists because people have unlimited wants and limited income to purchase goods and services. People often borrow (use credit) as a way of satisfying immediate wants. Young students have very little experience or practice using credit. In this lesson, students will analyze the borrowing decisions of Penny, Josh, and Dominique in the story. They will learn about the trade-off of benefits versus costs of borrowing as they participate in borrowing decisions.

Concepts

Benefits and cost, borrowing, credit, lending, wants

2. PREPARE

Copy of *The Young Borrowers* story	Activity Sheet 2: *Paper Money*
3" x 5" cards (enough for each student to have three cards)	Activity Sheet 21: *Borrowing Match-up*
Tape recorder and tapes (optional)	Activity Sheet 22: *Playtime Credit Agreement*
Small incentives, such as stickers or pencils	Blank pieces of paper

1. Write "JOSH" on one-third of the cards; write "DOMINIQUE" on one-third of the cards; and write "PENNY" on one-third of the cards.

2. Make a transparency of Activity Sheet 21 or a copy for each student.
3. Make a transparency of Activity Sheet 22, and make a copy for each student.
4. Make enough copies of Activity Sheet 2 so that each student has five, one-dollar bills. Additional one-dollar bills will be needed to complete activity 4, "Game Time."

3. TEACH

Introduction

Explain that students will hear a story about borrowing decisions that Josh and Penny make. Some decisions cause them to feel responsible because they look at the benefits and costs involved in a borrowing decision. They make other decisions that make them feel they are not as responsible. Near the end of the story, ask students to listen very carefully to hear the two decisions that Josh and Penny make. Read the story, *The Young Borrowers*, to the students.

Activities

1. Borrowing Blues

   a. Help students identify which story characters demonstrated responsible and irresponsible borrowing decisions.

   b. Draw the following grid on the chalkboard.

	Library Book	Lunch Money	Paper	Pencils
Responsible Borrowers				
Not Responsible Borrowers				

   c. To assure that all students have an opportunity to participate and to assess students' knowledge and understanding, give each

student a set of three 3" x 5" cards, one each bearing the name of PENNY, JOSH, or DOMINIQUE printed in large letters.

d. Ask students questions to involve them in completing the grid. Have them respond to the following questions by holding up the name of the story character the question describes. As each question is answered, fill in boxes in the grid.

   1. Who showed responsibility in checking out library books? (Josh and Dominique)
   2. Who was not a responsible borrower and forgot to pay back money owed to the cafeteria for borrowed lunches? (Josh)
   3. Who was not a responsible borrower and forgot to bring back library books on time? (Penny)
   4. Who was a responsible borrower and paid back money owed to the cafeteria for borrowed lunches? (Penny)
   5. Who was not a responsible borrower and didn't return pencils or replace borrowed pencils? (Penny)
   6. Who was a responsible borrower and paid back borrowed paper? (Josh)

e. Ask the same questions in (d) again, but this time ask why the borrowing decisions were responsible or irresponsible. To do so, have students identify the benefits and costs of the borrowing decisions illustrated in the story.

f. Discuss the fact that the "borrowing blues" won't exist for Josh and Penny when they become responsible borrowers. Instead they will be proud and encouraged that they have learned to keep the trust of a borrowing agreement.

g. Allow students to share their ideas. Lead students to combine their ideas in a poem, such as "Ode to Penny and Josh."

2. Borrowing Match-Up

In this activity, students will learn about borrowing decisions in everyday situations.

a. Use the transparency of Activity Sheet 21, or give a copy to each student. Start the activity by reading a few of the sentence starters. (Sentence starters are identified by an asterisk.) Help students match these starters with the correct sentence ending by drawing lines between the starter and the ending. In this way, students will create a complete sentence about a borrowing decision.

b. Once students understand what is expected, ask them to complete the sentences on the activity sheet. Students may complete the activity independently or in groups.

3. Student Borrowers

   a. Have students bring in toys, books, or games they enjoy and are willing to lend to another student.

   b. Explain that each may borrow and use another student's toy, book, or game, by promising to return the item in good condition and on time.

   c. Tell students that when people borrow money from a bank or buy goods and services on credit, they sign a credit agreement. This agreement is a promise to repay the loan.

   d. Ask two students to come to the front of the classroom and role-play. One student will ask the other student for the loan of a toy, book, or game. The other student will lend the article. Emphasize to the students the promise a borrower makes to take care of what is borrowed and return it when promised.

   e. Display the transparency of Activity Sheet 22.

   f. Ask two different students to role-play a borrower and a lender.

   g. Fill out the transparency with the help of the class. Ask: "Who is the borrower?" "Who is the lender?" "What is borrowed on credit?"

   h. Give a copy of Activity Sheet 22 to each student to fill out as he or she borrows and lends toys, books, and games. Allow students to play with the items borrowed on credit and then return the items to the lender. The lender then signs the Playtime Credit Agreement, showing the borrower was responsible and repaid the credit.

4. Game Time

   a. Use a game to review basic mathematics, spelling, or geography facts. Tell students it will cost each of them five play dollars to have the privilege of playing the game.

   b. Tell students that the teacher will lend each of them the play money in good faith, trusting them to pay back the loan at the end of the game. Give each student five, one-dollar bills.

   c. Call on a student to answer a question. Take a dollar from students who give an incorrect response to a question; give a dollar to those who answer correctly. Ask five questions in each round.

   d. At the end of the first round, announce that students must have at least five dollars in play money. Students who do not have enough money must borrow from those who do.

e. As students borrow, have them write their names and the sentence "I Owe You" on pieces of paper, and then hand the papers to their lenders.

f. Stop the game when enough borrowing has taken place to reinforce the concept. Have students calculate the amounts that they have earned, borrowed, repaid, and the money that is left to repay the teacher for the five-dollar loan.

g. Ask the following questions:

   1. Who were the lenders? (the teacher, at first; other students later)

   2. Why were some students able to lend money? (They earned more money by answering more questions correctly. They were able to lend some of their money.)

   3. Who were borrowers in the activity? (At first, all students were borrowers. Later, some of the students were borrowers.)

   4. At the end of the first round, why did some students borrow? (to continue playing)

   5. What were benefits and costs of borrowing? (Benefits: Students who borrowed could enjoy benefits they otherwise would have been denied. Costs: Students must repay the people from whom they borrowed.)

h. Considering the benefits and costs, how many students believe they made good decisions and how many students believe they made poor decisions about borrowing from other students?

i. Reward students who can repay the loan to the teacher with small incentives, such as stickers or pencils.

4. CONNECT

Family and Community Connection: In a letter sent home in the Message Pocket, encourage parents to take students to a local library to get a library card. For instructions and materials to make Message Pockets, see Lesson 1 under PREPARE. Suggest that parents discuss the following points with students:

a. Explain the library transaction in credit terms, emphasizing that the agreement between the library (the lender) and the student (the borrower) is built on trust.

b. Explain that the student is responsible for returning the book on time, according to the policy of the library.

c. Explain that the student builds a "good credit history" with the library by returning books on time. If the student breaks that trust by not returning books on time, the student borrower must pay a fine.

Research/Data Collection and Mathematics Connection: Have students interview the cafeteria manager in their school to learn how many students borrow lunch money during one month. Explain that receiving the benefits of borrowing now involves bearing the costs of paying back the loan later and giving up future spending. As an option, students may use a tape recorder to record the interview. Remind students of the price of lunch, and help them estimate how much total money would be owed to the school in one month because of student borrowing. Then have them figure how much would be borrowed for an entire school year, based on the monthly amount. Finally, have students speculate about how the cafeteria would operate if loans were not repaid.

Teachers as Borrowers Connection: Teachers can model good borrowing behavior, as they borrow things from each other, such as hole punches, staplers, books, or construction paper. Share these times with students, give them jobs of helping to remember to return items, and verbally remind all students how important it is to pay back what they borrow.

Children's Literature:

- Brisson, Pat, 1994. *Wanda's Roses.* Honesdale: Boyd's Mill Press. Wanda saves a special "rosebush" by cleaning up its environment, with the help and borrowing from neighbors. Excited by the promise of roses, she borrows library books on flower arranging.
- Kimmel, Eric A., 1989. *Four Dollars and Fifty Cents.* New York: Holiday House. A cowboy gets in trouble by borrowing money from anyone who will lend to him. He knows if he repays one person, he'll have to pay back what he has borrowed to everyone. His refusal to do so causes more trouble for him, exaggerated in comical style.
- Lyon, George Ella, 1994. *Mama is a Miner.* New York: Orchard Books. To avoid borrowing and keep the bills paid, a mother leaves a cashier's position for a job in the coal mines, much to the dismay of her family.

The Young Borrowers

As Josh walks to his classroom, he thinks to himself, "This is library day." He likes library day. For a whole week he has enjoyed reading a book about sharks. This week he thinks he wants to borrow a book about insects.

"Hi, Josh!" calls out Dominique. "Did you remember to bring your library book back? Remember today is library day." Dominique, like Josh, enjoys library day. The two friends walk down the hallway talking about the books they borrowed from the library last week. When they get to their seats, Dominique pulls the library book from his backpack. Josh has a moment of panic; he remembers reading the shark book in bed last night, but he isn't sure he remembered to put it into his backpack. He looks into the backpack and is relieved to see the library book. He is very proud of himself; he has always remembered to bring his library book back on library day. He feels responsible. Josh and Dominique have fun telling each other about the books they have borrowed from the library.

In another classroom, Penny looks into her backpack and has a sinking feeling. Today is library day and she has forgotten to bring her library book back to school. As much as she enjoys selecting new books from the library, she often forgets to return the library books on time. This is not the first time she has forgotten to return a library book. She is not feeling very responsible right now.

At lunch time Josh and Dominique move down the food line together, each selecting food while talking about the library books they borrowed earlier in the morning. When they come to the cashier, Dominique reaches into his pocket and pulls out his lunch money. Now it is Josh's turn to pay for lunch. He reaches into his pocket. No money! He has forgotten his lunch money again.

"I need to charge my lunch again today," Josh tells the cashier. As Mrs. Taylor looks at her ledger, she frowns.

"Josh, you still owe us money from the last time you charged your lunch. You need to remember to pay us when we give you lunch on credit," says Mrs. Taylor. Josh isn't feeling very responsible right now.

Penny is very hungry today. She has extra money in her pocket. Yesterday, she had to charge her lunch, so she has money to pay for yesterday's lunch and money to pay for today's lunch. When she sees Mrs. Taylor, Penny tells her, "Here is the money for yesterday's lunch, and here is money for today's lunch." Mrs. Taylor smiles at Penny.

"We are pleased to give you lunch on credit, because you remember to pay us back," says Mrs. Taylor. Penny is feeling very responsible right now.

During afternoon lessons, Josh pulls a new tablet from his desk. As he starts to write his name and date on the first piece of paper, he remembers that Dominique loaned him paper yesterday. He had borrowed four sheets of paper, so he tears four sheets from his tablet and hands them to Dominique.

"Thanks," says Dominique, "I wasn't worried. I knew you would pay me back as soon as you could." Dominique's words make Josh feel responsible.

Penny starts to write her name on the math worksheet, only to realize that her pencil lead is broken. She looks in her desk--no pencils. She has forgotten to tell her mom she needs pencils at school. Penny taps Marie on the shoulder and asks if she can borrow a pencil.

"No," says Marie, "every time I lend you a pencil, you forget to return it."

Penny turns to Shawn who is sitting behind her. She asks him if she can borrow a pencil. Shawn says, "Yes, but you better remember to pay me back. Either give me back my pencil or buy me another pencil. I've seen Marie lend you pencils, but I have never seen you pay her back." Penny doesn't feel responsible right now.

In school today, both Penny and Josh made decisions to borrow. How did they benefit by the borrowing decisions they made? What costs did they experience in the borrowing decisions that they made?

ACTIVITY SHEET 21

Borrowing Match-up

* I returned your umbrella	to take a picture of my friends.
because I forgot my 75 cents.	because I am a good writer.
* I borrowed a sweater	so I borrowed *The Lion King*.
* If I use your boots	* I used your camera
I can play in the snow.	because I'm going to rake leaves.
I used in the rain yesterday.	* I need credit for lunch
* You let me borrow a pencil	* I wanted to read a good book

ACTIVITY SHEET 22

Playtime Credit Agreement

Today is _____ .

I, _____ ,

ask for credit from _____ .

I want to borrow _____ .

I promise to take care of what I borrow and return it promptly in good condition.

Signed _____

LESSON 12

To Lend or Not to Lend — That Is the Choice

1. FOCUS

Student Objectives

- Identify examples of lending.
- Recognize the interdependence and trust between responsible lenders and borrowers.
- Identify the ability to repay as a necessary condition for credit.
- Use benefits and costs to evaluate lending decisions.

Background

This lesson focuses on the interdependent relationship between borrowers and lenders from the perspective of the lender. When people decide to lend, they enter into an agreement built on trust. In order to give credit, lenders must decide if the benefits outweigh the costs.

Concepts

Benefits and costs, borrowers, credit, interdependence, lenders, opportunity cost, goods, services

2. PREPARE

Copy of *The Young Lender* story	Two balance scale labels
Activity Sheet 23: *Pay Back or Step Back*	Play coins or tokens of the same size and weight
Paper streamer or paper ribbon	Index card for each student
12 large name tags	Sample comic strip
Activity Sheet 24: *Carrying Responsibility*	Drawing paper for each group
Balance scale	Tape player (optional)

1. Make one copy of Activity Sheet 23.
2. Write "TRUST" in large letters on a paper streamer or paper ribbon.
3. Write "LENDER" on six, large name tags and "BORROWER" on six, large name tags.
4. Copy Activity Sheet 24 and cut out cards.

5. Label one side of a balance scale "BORROWING" and the other side "PAYING BACK."
6. Assemble play coins or tokens of the same size and weight so that each student will receive one.

3. TEACH

Introduction

Tell students they will listen to a story entitled *The Young Lender*. Explain that they will learn about borrowing and lending.

Activities

1. To Lend or Not to Lend—That Is the Choice

   a. Read the story, *The Young Lender*, to the class.

   b. Ask students to identify borrowing examples in the story. (Students borrow lunch money. Miss Hattie borrows a rake. Josh must decide whether or not to allow Nicholas to borrow his baseball glove.)

   c. Ask students for examples of times that they have borrowed.

   d. Explain that when people want to borrow, they must find someone who is willing to lend to them — a lender. When a lender agrees to lend something to the borrower, a credit agreement is established. The borrower agrees to pay back whatever is borrowed. A credit agreement involves trust between the lender and the borrower.

   e. Explain that a credit relationship exists between a borrower and a lender. The concept of credit in its original Latin form, *creditus*, means trust.

   f. Discuss:

      1. Who must the school cafeteria cashier trust when students borrow lunch money? (The cafeteria cashier must trust the students to return the lunch money they borrowed.)

      2. Who does Josh's mother trust when she lends her rake? (Miss Hattie)

      3. What are the costs and benefits involved if Josh lends Nicholas his baseball glove? (Costs: not being able to use it while Nicholas has it and worry about whether Nicholas will return it; Benefits: knowing Nicholas will enjoy using it and Nicholas' friendship)

4. Do you think Josh should lend his baseball glove to Nicholas, given the costs and benefits? (Answers will vary.)

2. Pay Back or Step Back!

a. Explain that students will dramatize, or act out, what takes place when people forget or choose not to pay back what they borrow, using a tug of war.

b Hand out "lender" tags to six students and "borrower" tags to six students.

c. Explain that students must listen closely to directions, because this activity is a little different than the usual tug of war.

d. Read the first of the "Borrowing and Lending Situations" from Activity Sheet 23. Have a borrower and lender come to the front of the class and explain his or her character's opportunity cost. (For example: In the first situation, Josh is the borrower, and his mother is the lender. Josh gives up the goods and services he would have purchased next week. His mother gives up the goods and services she would have purchased now.)

e. Tell the borrower to take one end of the paper streamer with "trust" written on it. Tell the lender to take the other end. Explain that the streamer represents the trust agreement between the lender and the borrower.

f. Read the next borrowing and lending situation. Have a borrower and lender come to the front of the class and explain his or her character's opportunity cost. Tell the second lender and borrower to join the first two on opposite sides of the tug of war, keeping lenders on one side and borrowers on the other.

g. Repeat this process, reading the six situations.

h. Read the first of the "Not Responsible Borrowing Situations" from Activity Sheet 23. After reading, ask one of the borrowers to step back while the lenders hold their positions. Read the remaining situations so that each borrower has the opportunity to step back.

i. If the streamer tears completely apart before all situations are read, stop the action and explain to students that the agreement between the lender and the borrower has been broken because the trust between them was broken. If the streamer has not broken by this time, ask students what would happen if many borrowers did not pay back their loans. (The streamer would break.)

j. Explain that the borrower who does not act responsibly breaks the agreement.

This activity illustrates the interdependence of lenders and borrowers, such as the interdependence between Miss Hattie and Josh's mother. Students will recognize the importance of responsibility in borrowing and the interdependence involved in a credit agreement.

This activity may be performed in an open, clear area of the classroom or outdoors if the weather permits.

k. Ask students to identify the costs experienced by the lender when the trust is broken. (doesn't get money back; can't buy goods and services)

l. At the end of the activity, have students shout, "Keep the trust or bust!"

m. To allow the entire class to participate, repeat the activity with different students in the roles.

3. Carrying Responsibility

a. Write the following question on the chalkboard: "What important things should you know before you lend or borrow something?" Read the question to the class.

b. Explain that you will read two lending and borrowing situations. As you read, students should think about how they would answer the question on the board.

c. Choose something of value to the students in the classroom. Pretend to consider whether to lend it to someone. Say, "I don't know if I should lend this ___?___ to Sam. Do you think I should?"

d. Pick out something in the room that belongs to a student. Say, "I would like to borrow your ___?___. Would you be willing to lend it to me?"

e. Ask students to explain how they would answer the question on the board. List their responses on the board. (Responses will vary, but may include: Do I know the person well enough? Do I know when I will get the borrowed item back? Do I know the person will take care of the item loaned? Do I know what the person will do with the item I borrowed? Has the person borrowed or loaned things before and shown responsibility?)

f. Allow time for a few students to share personal examples of times when they have lent something to someone else.

g. Explain that sometimes people make decisions to borrow because they have a credit card. Show examples of credit cards to the students. Use a variety of actual credit cards and those from Activity Sheet 24.

Type of Card	Enables You to Consume	Responsibility
library	books	return books on time
YMCA	swimming, fitness, sports	observe YMCA rules
driver's license	car transportation	observe driving laws
credit card	goods and services	pay the credit card company
skating rink	use of the rink	obey skating rink rules
social security	benefits if you become disabled and can't work	pay social security taxes
medical insurance	doctor's care, medicine	pay premiums and deductibles
retail store credit	clothes, shoes, and other goods and services	pay the bill

h. List the types of cards on the board. Discuss what the cards enable people to consume and the card owner's responsibility.

4. Balancing Act

a. Place a balance scale, labeled "borrowing" and "paying back," at the front of the room.

b. Place a stack of play coins or tokens next to the balance scale for later use.

c. Give each student an index card. Divide students into pairs. Tell each pair to decide on a borrowing situation.

d. Explain that one student in each pair, with the partner's help, will write a sentence on his or her index card that describes the benefits and costs involved in the borrowing situation.

e. Explain that the other student, with the partner's help, will choose a repayment situation and write a sentence on an index card that describes the benefits and costs of repaying the borrowed item.

f. When the students finish writing descriptions on the cards, have each pair come up to the balance scale. Ask one student to read the "Borrowing" card aloud and place one token or play coin in the tray on the borrowing side of the balance scale. Ask the other student to read aloud the "Paying Back" card and place a token or play coin on the payback side of the balance scale.

g. Continue until all cards have been read and every student has been able to place a token or play coin on the scale. Explain that the balanced scale represents a good credit relationship with trust and responsibility. This good relationship only occurs when the borrower and lender keep the promises they have made in the credit agreement. Stress that people should only borrow what they know they can pay back and when they can pay it back.

h. Point out that the scale remained in balance because each time something was borrowed, something was returned, replaced, or repaid.

5. Credit Sm-ART!

a. Brainstorm different ways students can learn to be "Credit Smart." Examples include paying back as promised and remembering to bring lunch money as Dominique did.

b. Post sample comic strips on the board to show how pictures and words are used in a comic strip.

c. Divide students into small groups. Give each group drawing paper.

d. Tell each group to produce a comic strip called "Credit Smart." Older students may write dialogue in the balloons on the comic strip. Younger students may record narration for their comic strip on a cassette tape. Students may choose to use Josh and Penny as their main characters.

4. CONNECT

Family Connection: In a letter sent in the Message Pocket, ask parents to discuss borrowing in their family and how they pay back what is borrowed. (See Lesson 1 for instructions and materials to construct Message Pockets.) Examples of borrowing may include sending a child next door to borrow an egg for a special recipe or receiving a bill in the mail from the doctor to pay today for services a family member received previously. Parents may also discuss actual loans the family has obtained.

Writing Connection: Have students write about something they have borrowed from a parent, friend, or teacher. Have them write about how they handled the responsibility of borrowing and paying back. For students whose writings reflect that they have not been responsible borrowers, ask them to explain how they might borrow more responsibly in the future.

Community Connection: Have the cafeteria manager of the school visit the classroom to explain the credit system used in the cafeteria as well as the policies for handling nonpayment of borrowed lunch money. Ask the cafeteria manager to field questions from the students to help clarify any possible misconceptions they may have. What are the benefits and costs to the borrower of unpaid loans? Is it a wise decision not to repay?

Children's Literature:

- Brett, Jan, 1989. *The Mitten*. New York: G.P. Putnam's Sons. An adaptation of a Ukrainian folk tale in which a young boy loses one of the mittens he cherishes because his grandmother knitted it for him. Animals in the forest where the mitten was lost borrow the mitten as a shelter. When the young boy finds the mitten it is stretched and has lost its shape. Although not returned in good condition, he still cherishes the mitten.
- Fyleman, Rose, 1986. *A Fairy Went A-Marketing*. New York: E.P. Dutton. A fairy borrows from nature but always takes good care of what she borrows, eventually giving back what she has borrowed.
- Jeffers, Susan, 1991. *Brother Eagle, Sister Sky*. New York: Scholastic, Inc. Chief Seattle's words emphasize the belief of American Indians that we only borrow from Mother Earth and must always take care of what we borrow and give back or replace what we borrow in some way that is beneficial to preserving our earth.

The Young Lender

Josh and Mom wave to Miss Hattie as they drive past her house and pull into their driveway. Miss Hattie is pulling weeds from her beautiful flower garden. Miss Hattie is the neighborhood's best gardener. She likes working in her flower and vegetable gardens.

As Josh and Mom get out of the car, they see Miss Hattie walking up their driveway. "Hi, Miss Hattie!" calls out Josh.

"Hi, Joshua, how was school today?" answers Miss Hattie.

"We are having fun studying borrowing. Today we interviewed the cafeteria cashier to find out how many students borrow lunch money and how many of them remember to pay back what they owe. I have never done an interview before."

"Well, Joshua, that is why I came to talk to your mom."

"You want to borrow money for lunch?" Josh asks in confusion.

"Oh, Joshua, that isn't exactly what I meant. Though I do want to borrow. I came to ask your mom if I could borrow your rake. My rake handle broke while I was weeding the garden."

Mom, who has been listening to Josh and Miss Hattie, says, "Miss Hattie, we would be glad to lend you our rake. You always return tools when you borrow from us. Josh, would you run to the garage and get our rake for Miss Hattie?"

"O.K." Josh says as he runs toward the garage.

As he hands the rake to Miss Hattie, he says to Mom, "Can I go over to Miss Hattie's for a while?"

"For a little while, Josh. I'll call you when dinner is ready."

Josh and Miss Hattie work together in the garden, talking sometimes and listening to the neighborhood sounds other times. Josh likes being with Miss Hattie. He feels good when he is with her.

As he listens to the sounds of the birds singing, people talking, and cars driving past the house, he remembers his big problem.

"Miss Hattie, I have a big problem. Nicholas wants to borrow my baseball glove. He lost his glove after his last Little League game. He left it by the snack shack. When he went back to get it, the glove was gone. Now he wants to borrow mine for his next game, so he won't have to tell his parents that he lost his new glove. I told him I'd think about letting him use mine, but I just don't know what to do."

Miss Hattie stands up and brushes the dirt off her hands. As Josh looks up at her, she says, "Joshua, you are faced with a lending decision. You do have a serious problem, don't you?"

"Yes," says Josh, "Nicholas is my best friend. But he has lost two baseball gloves already. I'm afraid he will lose mine also. Yet when he borrowed food for his hamster, he paid me back the very next day. At school he has borrowed paper from me and paid me back. But last week I lent him a pencil, and he never gave it back to me nor did he give me a new one. I just don't know what to do."

"Joshua, this is a question only you can answer, but you can think about what it would cost you should Nicholas lose your glove. You need to think about whether you trust him when he borrows things."

"Josh, dinner is ready," calls Mom.

"Coming, Mom."

Miss Hattie hands the rake to Josh, and says, "Tell your folks thanks for letting me borrow the rake. I enjoyed working in the garden with you. I also hope you solve your problem about lending the glove to Nicholas."

As Josh walks home, he thinks to himself. "Should I lend my baseball glove to Nicholas? What are my costs and benefits?"

ACTIVITY SHEET 23

Pay Back or Step Back!

Borrowing and Lending Situations

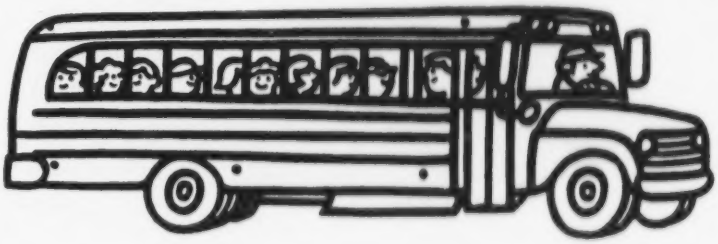
1. Josh wants to borrow $5.00 from his mother to go to the movies and pay for his snack. His mother agrees, but she says that he must pay her back from next week's allowance.
2. Penny wants to borrow a garden tool from Mr. Lopez because she wants to plant some seeds in her backyard. Mr. Lopez agrees, and Penny promises to return the tool.
3. Josh wants to borrow a special ranger hat from his friend Dominique for "Hat Day" at school. Dominique agrees and shares his hat with Josh.
4. Penny wants to borrow a book from her teacher to take home and read. The teacher agrees, and Penny promises to return the book the next day.
5. Josh wants to borrow lunch money from a friend who has extra money in his pockets. His classmate agrees and gives the money to Josh.
6. Penny wants to borrow a calculator for a homework assignment from a student in another class. The student agrees and lets her take the calculator home.

"Not Responsible" Borrowing Situations

1. Josh can't pay his mother the $5.00 he borrowed for the movies and snack because he didn't earn his allowance this week. He didn't do his jobs, such as cleaning his bedroom.
2. Penny forgot and left Mr. Lopez's garden tool outside in the rain. She didn't return it to him, and he had to ask for it. Mr. Lopez may not feel good about lending things to Penny in the future.
3. Josh wore Dominique's hat to school and misplaced it somewhere when he decided to take it off for awhile. Dominique will have to wait until the hat is found. He may not want to lend anything of value to Josh in the future.
4. Penny forgot the book she borrowed from her teacher. Her teacher is upset because she wanted to use the book in her lesson. Penny's teacher may not trust Penny in the future to keep her promises when she borrows.
5. Josh has forgotten his lunch money again and doesn't have the money to pay his classmate who lent money to him yesterday. His friend didn't bring his money because he was counting on Josh to return the money. Now neither has money for lunch. His friend tells Josh that he will never lend him lunch money again.
6. Penny left her school friend's calculator at home. Her friend needs the calculator in her math class today, but now she will have to try to borrow someone else's. That will be difficult since the rest of the students will need calculators for math class as well. Penny's friend will not be happy to lend to Penny again.

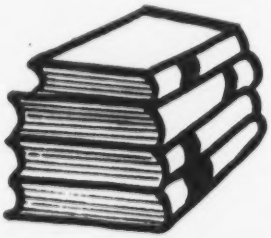
ACTIVITY SHEET 24

Carrying Responsibility



School Bus Pass

Swimming Pool Pass



Library Card

Gift Certificate
Skating Rink Pass

This certificate entitles the bearer to one free afternoon skating session

LESSON 13

I Owe You

1. FOCUS

Student Objectives

- Distinguish between paying now for goods and services and using credit.
- Explain that credit is a trust or agreement to pay back requiring responsible decision making.
- Apply economic reasoning to credit decisions.

Background

This lesson focuses on credit. People often pay for planned and unplanned purchases they want to make now with current earnings or savings. Sometimes people want things now and don't have enough earned money and money in savings. People use credit, which is borrowing with the promise to pay back what is borrowed, for satisfying present wants. Economic reasoning helps students decide whether a purchase on credit is a good decision. Students consider the consequences of the alternatives before making a choice. Lenders provide credit to borrowers. The lender and borrower enter into an agreement when credit is extended. Responsible borrowers then repay loans to lenders.

Concepts

Borrower, credit, earn, lender, loan, money, opportunity cost, responsibility, savings account

2. PREPARE

Copy of *Empty Pockets* story	Activity Sheet 26: *IOU Cheer*
Activity Sheet 1: *Pocket Change*	Glue
Scissors for each student	Several old magazines
Activity Sheet 25: *Credit Costs*	Masking tape

1. Make a copy of Activity Sheets 1 and 25 for each student.
2. Make a transparency of Activity Sheet 26.

3. Cut pictures from old magazines, or have students cut out pictures that represent the things listed in activity 5, "Family Credit."

3. TEACH

Introduction

Read the story entitled *Empty Pockets*. Explain that Penny makes a decision in the story, and students need to help Josh make an empty-pockets decision.

Activities

1. Empty Pockets

   a. After reading the story, ask the following questions:

      1. What service will Penny perform for Miss Hattie? (Penny will use her wagon to deliver plants.)
      2. Why does Penny's smile change to a frown? (Her wagon is broken and the handle must be fixed before she can deliver the plants for Miss Hattie.)
      3. What is needed to fix the wagon? (a nut and bolt from the hardware store)
      4. Why are Penny's pockets empty? (She doesn't have any money in her pockets because she is saving money for a new bike.)
      5. What is Penny's opportunity cost of saving? (The opportunity cost is the bolt she cannot buy to fix her wagon.)
      6. What is credit? (a loan of money with an agreement to pay the money back)
      7. How will Penny use credit? (Penny will borrow the money for the nut and bolt from Mr. Lopez and pay the money back when she earns money from Miss Hattie.)
      8. What is Josh's problem? (Josh has empty pockets.)
      9. What could Josh do? (Josh may borrow the money for the bottle and pay the money back when he gets or earns money.)

   b. Explain that most people need credit sometime. Have students share stories about having empty pockets and borrowing, or getting a loan from someone else. (Answers will vary, but

may include the need to borrow lunch money and borrowing from parents to make a purchase.)

2. From Empty to Full Pockets

   a. Ask students what "empty pockets" means. Record student responses on the chalkboard or chart paper under the heading "Empty Pockets." (Answers might include no money, nothing in them, and want to borrow.)

   b. Ask students what "full pockets" means. Record students' responses on the chalkboard or chart paper under the heading, "Full Pockets." (Examples might include plenty of money, a collection of something special, and no need for credit.)

   c. Explain that when people have "empty pockets" they have no money or anything valuable at that moment, and they may still have wants. This may lead to a borrowing decision. This is what happened to Penny in the story; therefore, she decided to borrow from Mr. Lopez.

   d. Explain that borrowing can "fill their pockets;" however, there is an opportunity cost. The opportunity cost of a loan is the next best alternative given up in the future because of the need to repay the loan.

   e. Stress that people should only borrow what they know they can pay back and when borrowing makes them better off both now and in the future. This is responsible borrowing.

3. The Cost of Credit

   a. Ask students to raise their hands if they have coins in their pockets. Choose one student to come forward and help you explain the steps involved in a credit transaction.

   b. Have the student show the class the coins he or she has. Assist in counting the coins.

   c. Write the total amount of coins from the student's pocket on the chalkboard. This amount will be used to determine the amount of credit needed.

   d. Create a fictitious problem for the student. For example, use a price greater than the amount in the student's pocket. Write that amount above the amount in the student's pocket.

Example:	Amount for using the desk today:	50 cents
	Amount in the pocket:	35 cents

   e. Ask the class if the student has enough money to pay for using the desk for the day. (No)

f. Explain that you will extend credit — a loan — to the student for the additional coins needed to pay for using the desk. Ask how much credit is needed. Help students calculate the amount of credit needed. (15 cents)

g. Invite another volunteer with coins to come forward. Go through the same procedures in (b) through (f) with other examples, such as using a computer or buying something from the bookstore.

h. Give each student a copy of Activity Sheet 1 and Activity Sheet 25. Have students cut out the coins on Activity Sheet 1.

i. Tell students to look at the pictures and the prices of the goods and services on Activity Sheet 25.

j. Have students paste combinations of coins next to the picture to show the coins needed to purchase the items.

k. As a class, compare the coins needed for purchase with the coins available from the pocket. Explain that the amount of credit wanted is the difference between the coins needed to purchase the items and the coins available in the pocket.

l. Tell students to paste coins representing the difference to make the purchase.

m. To conclude and reinforce the concept of credit, call on students to tell you the amount of credit needed for each of the three examples:

   1. amount of credit for the candy = 10 cents
   2. amount of credit for the pencil = 5 cents
   3. amount of credit for the haircut = 40 cents

4. IOU

a. Write the letters IOU on the chalkboard. Ask students to identify the letters.

b. Tell the students that those three letters used together stand for an expression used in borrowing and lending. IOU is an abbreviation that stands for "I owe you." An abbreviation is a short way to say several words.

c. Emphasize the trust and responsibility to repay in the expression "I owe you."

d. Introduce the IOU Cheer from Activity Sheet 26 by pantomiming the motions for "I" (point to yourself), "O" (make a circle with both hands), and "U" (point out and away from yourself). Let the students practice the IOU motions.

e. Display the transparency of Activity Sheet 26. Teach the first stanza of the cheer, and let the students add the motions at the

end. Students may be able to memorize parts of the cheer, if not all.

5. Family Credit

   a. For this activity, use pictures cut from old magazines to represent the items listed below.

Pay Now	Buy On Credit
pay telephone	telephone at home
newspaper in stand	newspaper delivered at home
laundromat	television set
movie theater	turn on lights, or computer
grocery	taking a bath, or shower
bus ride	

   b. Hold up the pictures, one at a time, and have students identify each item. Explain that people usually pay cash for some items when they use them, and often use other items now, paying for them later.

   c. Write two headings on the chalkboard: "Buy Now" and "Buy on Credit."

   d. Again, hold up the pictures, one at a time, and lead a discussion to decide whether the item pictured is a "Buy Now" item or a "Buy on Credit" item. Explain or have students explain why the item is a "Buy Now" item or a "Buy on Credit" item.

   e. As a student gives a correct answer and reason, have that student take the picture and tape it on the chalkboard under the correct column heading.

4. CONNECT

Community Connection: Invite a representative from a local credit reporting agency to discuss credit decisions. Inform the guest speaker about aspects important to the students so that the discussion directly relates to what the students have studied. Ask the speaker to explain why the credit reporting agency exists and the importance of responsible borrowing for the future.

Language Arts Connection: Introduce students to sayings and proverbs by using an appropriate choice to connect students' thinking to the story "Empty Pockets." The saying "It takes money to make money" is a good example for connecting Penny's decision to use credit and borrow money from Mr. Lopez to buy the nut and bolt for her wagon. She had to borrow in order to fix her wagon so that it could be used to deliver Miss Hattie's seedlings. Penny can make more money by performing this job than it would cost to buy the nut and bolt. She

would still have money left to put into savings for her bike. Investigate other sayings on the topic of money and money management, asking students to get help from parents and grandparents. Discuss the students' findings.

Mathematics Connection: Reinforce subtraction skills by creating additional problems for activity #2, "The Costs of Credit." Explain to students that the *difference* (used in the activity to denote the amount that must be borrowed using credit) is the word used to describe the answer in subtraction problems.

Bulletin Board Connection: Place two pockets on the bulletin board, one labeled "Goods and Services" and the other "Cash Available." Put the names of goods and services and their prices on cards in the "Goods and Services" pocket. Put smaller amounts on cards in the "Cash Available" pocket. (Use amounts that are lower than the lowest price of a good or service card.) Divide the class into pairs, and have each pair draw a card from each pocket. Using copies of Activity Sheet 1, have students cut out the correct amount of coins that represent the price. Ask students to compare the price with the amount on the cash available card. Next, have students determine the amount of credit needed by subtracting the price from the cash available card. Display the work of each pair of students on the bulletin board.

Children's Literature

- Bunting, Eve, 1994. *A Day's Work*. New York: Clarion Publishers, Inc. Believing he should not borrow a day's wages until a day's work has been done, a Mexican-American decides not to accept pay in advance of work to be performed, even though he is in great need of the money.
- Rice, Eve, 1989. *Peter's Pockets*. New York: Greenwillow Books. Pete wears his new pants when he goes walking with Uncle Nick. As they walk, Peter discovers his new pants have no pockets to put the things they find as they walk together. When Peter and Uncle Nick explain to Pete's mother that the new pants have no pockets, she sews pockets on the pants.
- Rockwell, Anne, 1978. *Gogo's Pay Day*. New York, NY: Doubleday & Co, Inc. Gogo the clown gets a five-dollar raise in pay and decides to buy presents for his friends. He overspends and has to get a loan at the bank to pay his rent.
- Viorst, Judith, 1978. *Alexander, Who Used To Be Rich Last Sunday*. New York: Aladdin Books, Macmillan Publishing Co. Alexander is shown with "empty pockets" on the cover of the book because he has carelessly spent the money given to him by his grandparents.

Empty Pockets

"Oh, Miss Hattie, I sure would like to help you. I have a wagon, and I can use the wagon to deliver all of the plants to our neighbors. When do you want me to deliver the plants for you?" Mom can hear Penny talking on the phone to their next door neighbor, Miss Hattie. All the children love Miss Hattie. Her ability as a gardener is well-known by all of the people in the neighborhood. For years Miss Hattie has been starting seeds for all of the neighbors' gardens. In the past, she was able to deliver the seedlings herself, but now she is getting older and needs help.

"Yes, Miss Hattie, I will come over this afternoon with my wagon," says Penny as she hangs up the telephone. Penny looks at Mom with a big smile on her face and tells Mom, "Miss Hattie said she thought I did a good job walking Brandy, and she thinks I will do a good job delivering seedlings to the neighbors. Isn't this good news, Mom? Now I can do a service for Miss Hattie and earn money to put in my savings account so that I can buy my new bike."

"Yes, Penny," says Mom, "I am proud of you. You have shown that you are responsible, and the neighbors have noticed."

"Well, Mom, I am going to get my wagon ready right now," says Penny as she runs out of the house. When she gets to the garage, her smile turns into a frown. Her wagon is right where she left it, but the handle is lying on the garage floor. The handle is broken. Now what is she to do? She puts the handle in the wagon and pulls the wagon out onto the driveway to think about the problem carefully.

As Penny studies her problem, she hears Mr. Lopez playing with Brandy in his back yard. "Catch the ball, Brandy. Good girl! Bring the ball to me. Good dog." Penny walks over to the fence and watches Mr. Lopez and Brandy play together.

Mr. Lopez looks over at Penny. He quickly sees Penny's sad face. "What is the matter, Penny?"

"My wagon is broken. The handle has fallen off. I know it will cost money to fix it."

Mr. Lopez and Brandy walk over to the fence. Mr. Lopez can see the problem right away. The wagon needs a nut and bolt to hold the handle onto the wagon.

"Penny, I am going to the hardware store to buy a rake. Maybe you can go with me and pick up the nut and bolt you need. With a nut and bolt, you can quickly fix the wagon and it won't cost too much."

"But, Mr. Lopez, *I don't have any money in my pocket*. All my money is in a savings account. I'm saving money for a new bike, but I need the wagon so I can help Miss Hattie deliver seedlings. I'm earning money to put in the savings account for my new bike. Now I

won't get to earn the money." Mr. Lopez sees a tear in Penny's eye as she tells him about her money problems.

"Penny, I think credit can solve your problem! Take one step at a time. You need money to pay for repairing the wagon. I can lend you the money for the nut and bolt; then you can pay me back after you earn money helping Miss Hattie."

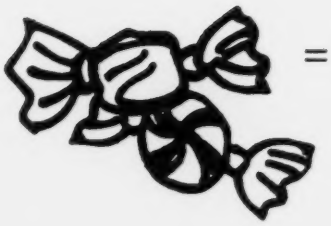
Penny thinks hard about Mr. Lopez's suggestion. She could borrow the money for the nut and bolt, but she would have to pay Mr. Lopez back. She decides that even after paying Mr. Lopez back, she would have money to put into her savings account. Credit is a good idea. "I can borrow money from Mr. Lopez this morning and earn money helping Miss Hattie this afternoon. Then I can pay Mr. Lopez back and still save some extra money for my new bike."

In his bedroom, Josh also has a problem. As he puts his hamster back in the cage he notices that the bedding is very wet. "Oh, no! The bottle is leaking. Nicholas told me this could happen. Sometimes bottles leak, and you can't make them stop leaking. I don't have any money in my pocket. What am I to do? Scamper needs water, but he can't live in a wet cage either. He could get sick. Oh, what can I do without money?"

What do you think Josh could do? Josh doesn't have any money. His pockets are empty and he needs a bottle for his hamster right away. His hamster needs water and a dry cage. Josh must take steps to solve the problem right away.

ACTIVITY SHEET 25

Credit Costs



= 25¢ →

Credit _____

= 40¢ →

Credit _____

= $1.00 →

Credit _____

ACTIVITY SHEET 26

IOU Cheer

I.O.U.
I.O.U.
Credit — Don't let it
Catch you by surprise
Pay back what someone lends you
You'll be more credit-wise!

I.O.U.
I.O.U.
Have it now, but pay it later
May be the choice you make
But don't forget that credit means to pay back what you take

I.O.U.
I.O.U.
Borrow this and borrow that
Your credit's good with me!
I trust you will remember —
your responsibility!
I.O.U.
I.O.U.
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LESSON 14

Demonstrating Money Management

1. FOCUS

Student Objectives

- Use the concepts of scarcity and opportunity cost in decisions involving spending, saving, and borrowing.
- Distinguish among decisions involving spending, saving, and borrowing.
- Demonstrate spending, saving, and borrowing decisions using stories, drawings, plays, or puppet shows.

Background

This is the culminating lesson. Teachers who have taught several of the previous lessons may use this lesson to review, practice, and assess what students have learned. Students can demonstrate what they have learned about spending, saving, and borrowing decisions in a variety of activities in and outside the classroom. At the same time students will be applying basic economic concepts such as scarcity and opportunity cost.

Concepts

Borrowing, decision making, earning, opportunity cost, saving, scarcity, spending

2. PREPARE

Copy of *Success!* story	Scissors
Pencils and paper	Crayons and markers
Nine index cards	Message Pockets (optional)
Activity Sheet 27: *$mart Money Manager Tokens*	Activity Sheet 28: *Today I Have Five Dollars...*
Pocket-shaped patterns	Tape recorder (optional)
Construction paper, writing paper, and art materials	Bulletin board letters

1. Label three index cards "BORROW," label three "SAVE," and label three "SPEND."
2. Draw three pockets on the chalkboard.
3. Make a copy of Activity Sheets 27 and 28 for each student.
4. Make pocket-shaped patterns for booklet covers.
5. Prepare art materials for making and decorating booklets.
6. See Lesson 1 for creating Message Pockets.

3. TEACH

Introduction

Explain that students will hear a story about Penny and Josh entitled *Success!* Then, they will participate in activities to help them show what they have learned about spending, saving, and borrowing decisions. Select as many of the activities as you wish, depending on the earlier lessons that were taught.

Activities

1. Success!
   a. Read the story *Success!* to the students.
   b. Ask the following questions:
      1. In the story, Penny decided to buy a bike. What are her plans to get the bike? (save)
      2. In the story, Josh wanted a hamster, and he liked the goldfish. What was the problem he faced? (Scarcity – he couldn't have all the goods and services he wanted.)
      3. What did he do when he decided to buy a hamster? (spend)
      4. What did Josh decide not to buy when he bought the hamster? (the goldfish)
      5. Penny needed a nut and a bolt for her wagon handle. What did she do to buy a nut and a bolt? (borrow money from Mr. Lopez)
      6. Josh's Mother wanted some seedlings to plant in her garden. What did she do to get seedlings for her garden? (spend)
      7. Penny and her mother faced an emergency. They decided to buy a television. How did they get the money to pay for the TV? (They decided to use money saved for a vacation.)
      8. What did Penny and her mom give up when they decided to buy the new television? (They gave up the dream vacation.)

9. Josh needed a water bottle for his hamster. What did he decide to do so he could buy the bottle for the hamster? (Josh decided to borrow money from his father and pay him back later.)

10. What does "earn" mean? (Answers will vary but should include getting money by working or by selling a good or service.)

11. Why do people decide to save? (Answers will vary but may include emergencies or large purchases.)

12. What opportunity cost results from a decision to save? (When people save, they give up spending for the next most desired things now. This is their opportunity cost.)

13. Why do people decide to borrow? (Answers will vary but may include to buy goods and services for which they will pay later.)

2. Money Management Pocket

a. Divide students into three cooperative learning groups.

b. Draw three pockets on the chalkboard. Write 1, 2, or 3 above each pocket to represent one of the cooperative learning groups.

c. Give each group three index cards, labeled "SPEND," "SAVE," or "BORROW."

d. Explain that the groups will use the cards to show their answers to questions that you will ask. Then, each group will decide whether the characters in the story are spending, saving, or borrowing.

e. When they've decided, one student from each group will come to the front of the room with the card that shows his or her group's answer to the question. The group representative will explain why the group made that choice.

f. Explain that when the group answer is correct, the group representative should place a tally mark in the group's pocket on the chalkboard.

g. Explain that each student in the group should have an opportunity to represent the group.

h. Read the following questions. Allow time for groups to make their decisions.

1. Mrs. Larson sees an advertisement about buying two sweaters and getting one more for free. She decides to buy the sweaters. Is Mrs. Larson spending, saving or borrowing? (spending)

2. Mr. Foxx takes some money to the bank and has it put in an account. He is planning to use the money later to buy a car. Is Mr. Foxx spending, saving, or using credit? (saving)

3. Michael needs a piece of paper, so he borrows a piece from Christopher. He promises to give Christopher a piece of paper tomorrow. Is Michael spending, saving or borrowing? (borrowing)

4. Mrs. Grundy goes to the library to get a book. She knows she will have to return the book in a few weeks. Is Mrs. Grundy spending, saving, or borrowing? (borrowing)

5. Miss King has a grocery list in her hand as she walks into the grocery store. Does she plan to spend, save, or borrow (that is, use credit)? (spend)

6. Daphny gives the cashier some money to pay for the coloring book she wants. Is Daphny spending, saving, or borrowing? (spending)

7. Sammy puts six pennies into his penny bank. Is he spending, saving, or borrowing? (saving)

8. Neisha has forgotten her lunch money and promises to pay for her lunch tomorrow. Is Neisha spending, saving, or borrowing? (borrowing)

9. Mrs. Mayes gives Terry money to buy a soft drink. Terry promises to pay Mrs. Mayes back tomorrow. Is Terry spending, saving, or borrowing? (borrowing)

10. Barbara buys a box of candy for her grandmother. Is she spending, saving, or borrowing? (spending)

11. After the barber cuts his hair, Mr. Cooper hands him money. Is Mr. Cooper spending, saving, or borrowing? (spending)

12. Marie puts money in her desk drawer. Later when she has enough money, she will get the new hat she wants. Is Marie spending, saving or borrowing? (saving)

3. $mart Money

   a. Ask students what they have learned about money management from Penny, Josh, and their friends. (They have learned lessons about earning money, spending, saving, borrowing money, and how to use credit.)

   b. Ask students to explain why these lessons are important for everyone. (Answers will vary.)

   c. Explain that each student now knows more about money management and should be a smarter spender, saver, borrower, and lender.

d. Tell students that they will now have a chance to encourage and reward others for demonstrating good money management decisions.

e. Give each student Activity Sheet 27 to color, decorate, and cut out. Have students keep their decorated tokens in their Message Pockets until they are needed.

f. Explain that each student has two tokens that may be used to reward classmates, family, or friends for demonstrating smart money management decisions — saving, spending, borrowing, or lending. At school and at home, tell students to watch for demonstrations of good decisions involving spending, saving, borrowing or lending. Emphasize the importance of decision-making tools from economics, like opportunity cost and costs and benefits.

g. Explain that the student who observes the $mart decision gives a token to the person and places a token with the person's name on it on the prepared bulletin board.

The teacher should decide how long students have to award their tokens. If some students experience difficulty identifying $mart money decisions, groups of students, or the entire class, can work cooperatively to award tokens.

h. Later, ask students to tell who received a $mart money management token. They should also explain the type of behavior they observed, including how opportunity cost and costs and benefits were used to enhance decisions.

4. Pocket Books

a. Explain that students will make money management booklets, highlighting their ability to use economic concepts in decision making. The booklets will have three chapters: spending, saving, and borrowing. Students should also illustrate opportunity cost and decision making.

b. Distribute pocket-shaped patterns, two sheets of construction paper, and scissors to each student.

Younger students may draw pictures that illustrate the concepts. Older students may write stories that illustrate the concepts.

c. Instruct students to trace around the pattern on each piece of construction paper and cut out the pockets. Explain that these will form the front and back covers of the book.

d. Distribute four sheets of writing paper to each student. Have students trace the pocket pattern onto the writing paper and cut out the pockets. Explain that these will be the pages in the booklet.

e. Staple the booklets together.

f. Tell students to choose one of the main characters from the stories they heard in class — Josh or Penny.

g. Instruct students to draw or write a chapter for each of the three money-management concepts — spending, saving, and borrowing. Explain they should draw or write how the selected

character made a better decision because he or she considered his or her opportunity cost.

h. Provide art materials and allow time for students to decorate the cover of their booklets.

i. Pair students and have them read or explain their booklets to each other.

j. (Optional) Students may take the booklets home in their Message Pockets.

5. Money Management Show Time

a. Divide students into small groups.

b. Explain that each group will create its own play or puppet show about better decision making when spending, saving, and/or borrowing, using economic concepts.

c. Explain that students may write their own plays or role-play earlier Josh and Penny stories.

d. Allow time for students to plan and prepare.

e. Ask each group to develop a list of prop materials. As they share their lists with you, make any appropriate suggestions.

f. Have students take the prop lists home to request help from their families in gathering the materials.

g. Allow additional time for practice.

h. Allow students to present their plays/puppet shows to the class, another class, or at a parent meeting.

i. As an extension of this activity, consider the Technology Connection at this time.

6. Putting It All Together — A Five Dollar Story

a. Ask students to raise their hand if they remember an economics term or a money management word from the lessons.

b. As students respond, write words on the chalkboard to create a word bank for the students to use.

c. Give each student a copy of Activity Sheet 28, *Today I have five dollars....*

d. Have students put all they know about economics and money management together in a story, using the words given earlier for the word bank and starting with the phrase "Today I have five dollars..."

e. Students may choose to write or record their creative stories.

4. CONNECT

Family Connection: Students may write articles for a class personal finance newsletter about money management. The finished newsletter may be sent home in the Message Pockets as the final activity for these lessons.

Art Connection: Have students draw pictures of themselves being responsible with money. Place the drawings on a bulletin board entitled "I Choose To Be Responsible With My Money."

Language Connection: Ask students to finish this story, "If I am responsible with my money, I can...."

Physical Education Connection: As students review the concepts of spending, saving and borrowing, have them work on hand-eye coordination. Ask students to stand or sit in a circle. Give three different sized items such as a ball, bean bag, and stuffed animal to three of the students. Have students pass the items around the circle while playing music on a tape recorder. When you stop the music, the three students holding the items share an example that represents one of the three basic concepts — spending, saving, or borrowing. The student holding the ball may tell a story that represents spending; the student holding the bean bag may tell about an example of saving; and the student holding the stuffed animal may tell about an example of borrowing. Continue the game. At a midpoint in the game, have students pass the items in the opposite direction while the music plays.

Technology Connection: Videotape the plays and puppet shows from activity 5 to show the class, other students, or parents.

Children's Literature:

- Berenstain, Stan and Jan Berenstain, 1983. *The Berenstain Bears' Trouble with Money*. New York: Random House. At first the Berenstain bears spend too much money. Then they earn money and become responsible money managers.
- Caudill, Rebecca, 1964. *A Pocketful of Cricket*. New York: Henry Holt & Company. This is the story of a young boy who stuffs his pocket full of what he considers to be of value. One day he decides to empty his pocket for one special thing, a cricket.
- Maestro, Betsy and Givlio, 1988. *Dollars and Cents for Harriet*. New York: Crown Publishers, Inc. Harriet shows how different combinations of various forms of money are earned and spent.
- Medearis, Angela Shelf, 1990. *Picking Peas for a Penny*. New York: Scholastic Inc. During the Depression, children work hard picking peas to earn pennies. The pennies jingle in their pockets and they feel good as they go shopping.
- Niegler, Sandra, 1977. *Something For Sara*. St. Paul, MN: Child's World. Sara learns how to make change and to effectively manage her own money through visits to a laundromat and a store. Her mother helps her understand three "S's" about using money: save

some, spend some, share some. Included are black-and-white and color photographs. The text includes some Spanish words.

- Williams, Vera B., 1983. *Something Special For Me.* New York, NY: Greenwillow Books. This is a story about a little girl, Rosa, who gets to choose her own birthday present. Knowing that her family has saved the money for a long time makes it difficult for Rosa to choose a gift. She finally decides on a gift she can share with her family.
- Wilt, Joy (1979). *Making Up Your Own Mind.* Waco, Texas: Word, Inc./Weekly Reader. This book presents hypothetical situations for students to use in learning how to make decisions and solve problems, including money and borrowing decisions.

Teacher Resources

- Godfrey, Neale S. and Carolina Edwards. 1994. *Money Doesn't Grow On Trees.* New York: Simon and Schuster. This guidebook about money management suggests activities for parents and youth from two years through the teen years.
- *Money for Kids.* (Periodical). New York: Time, Inc. Time & Life Building, Rockefeller Center. This magazine, designed for students approximately, ten years of age and older, emphasizes the choices students have to make and how they make them.

Success!

Penny pulls her wagon, and Mr. Lopez walks Brandy. Together the two good friends walk around the neighborhood. Penny has a big proud smile on her face. She decided to borrow money from Mr. Lopez so that she could buy a nut and bolt. Now the nut and bolt are in place, and the handle of her wagon is fixed. Penny's wagon is filled with plant seedlings. She is delivering the seedlings to neighbors for Miss Hattie. When all the seedlings are delivered, Miss Hattie will pay Penny, and Penny can pay Mr. Lopez for the nut and bolt. Penny has learned a lot about money management lately.

As Penny and Mr. Lopez turn a corner, they see Josh and Nicholas sitting on the front porch. Both boys are holding their pet hamsters. They are playing with the hamsters while they wait for Josh's mom. Mom will take the boys to the pet store. Josh has decided to borrow money from Dad to buy a new water bottle for his pet. Josh knows that Dad expects to be paid back later. Josh is responsible and plans to repay the loan made by his father when he gets his allowance. Josh is happy with his decision to put off buying later so he can have the hamster's water bottle today. Josh has learned a lot about money management lately.

"Hi, Josh. Hi, Nicholas," calls out Penny. "Is that your new pet, Josh?"

"Yes. I spent money to buy him. I also bought a new cage, bedding, and food for him. I had to make a decision. I saw an advertisement in the pet store window about goldfish. After I saw the ad, I almost bought a goldfish instead of a hamster. I thought about it for a long time, and decided to give up the goldfish to get what I wanted more--a hamster. I am so glad I decided to buy my hamster! I can play with him, and he likes getting into my shirt pocket. His name is Pockets because he has pouches in his cheeks and he likes to rest in my pocket," says Josh. Josh has learned a lot about money management lately.

As Penny pets Pockets and Mr. Lopez pets Nicholas's hamster, Scamper, Penny asks to talk to Josh's mom.

Mom steps out onto the porch. "Oh, Penny, those seedlings look so healthy; they are beautiful. Miss Hattie called to tell me you were bringing them to me. Let me get my pocketbook, and I will pay you for the seedlings."

While Penny waits for the money, she tells Josh about her savings account. "I want a new bike, and I don't have enough money to buy it yet, so I decided to save. Every time I get some money, I put some of it into the bike savings account." Penny has realized she will have more fun riding the bicycle than from all the other ways she could have spent her money. Penny has learned a lot about money management lately.

After Josh's mom pays for the seedlings, Penny carefully puts the money into the special money pocket of her new vest. When Penny designed the vest, she made a special pocket just

for money. The pocket has a flap in the shape of a triangle with a snap to keep the flap closed whenever Penny has money to carry. Penny and Mr. Lopez say good-bye to Josh and Nicholas and then continue to walk around the block. Penny tells Mr. Lopez about her family emergency. "One morning we turned on the TV, and it was broken," Penny explains. "For a long time, Mom had been saving for our dream vacation. Boy, was I sad when she told me we didn't have enough money for a new TV and our dream vacation. She told me that we would have to decide whether to buy a television or go on a vacation. That was a difficult decision, let me tell you."

"I know," says Mr. Lopez, "but aren't you glad you had money saved in the first place?"

"Yes, Mr. Lopez, I'm glad Mom had some money saved. I feel sorry for people who don't have money saved for emergencies." Penny has learned a lot about money management lately.

ACTIVITY SHEET 27

$mart Money Manager Tokens

ACTIVITY SHEET 28

"Today I Have Five Dollars ..."

GLOSSARY

Personal Finance Economics, K-2: Pocketwise

advertising the action of calling something to the attention of the public (Lesson 7)

alternative an option in a situation offering a choice (Lesson 3)

bank a business that provides financial services such as cashing checks, making loans, and paying interest on savings (Lesson 9)

benefit something that promotes well-being (Lesson 12)

benefits and costs the good and bad points associated with making decisions (Lesson 7)

borrow to receive something with the intention of returning it (Lesson 11)

budget a spending and saving plan (Lesson 9)

check a written order directing a bank to pay money as instructed (Lesson 2)

choice the decision made from alternatives (Lesson 3)

coins government-issued pieces of metal that have value and are used to buy goods and services (Lesson 2)

consume to use a good or service (Lesson 5)

consumer a person who buys and/or uses goods or services to satisfy wants (Lesson 4)

credit something entrusted to another, a loan (Lesson 11)

credit agreement a promise to repay something that is borrowed (Lesson 12)

credit card a card authorizing purchases now in exchange for payment later (Lesson 12)

decision a conclusion reached after considering alternatives and their results (Lesson 3)

deposit money put into a bank account (Lesson 8)

deposit slip a written record of money put into a bank (Lesson 8)

earn	to receive income for work performed (Lesson 13)
gift money	money freely given, not earned (Lesson 1)
goal	an aim that a person tries to reach (Lesson 10)
goods	objects that satisfy people's wants (Lesson 3)
income	the gain, usually measured in money, that comes from different sources including work (Lesson 1)
interdependence	a relationship where one's well-being is partly dependent on the behavior of others (Lesson 12)
lend	to give for temporary use on condition that the same, or its equivalent be returned (Lesson 11)
loan	something given for temporary use (Lesson 13)
money	anything that is generally accepted as a medium of exchange to buy goods and services, serves as a standard of value, and has a store of value (Lesson 2)
opportunity cost	the next best alternative given up when a choice is made (Lesson 2)
passbook	a book issued by a bank showing deposits and withdrawals (Lesson 8)
plan	the act or process of making or carrying out decisions (Lesson 10)
planned spending	consideration of alternative choices before money is used (Lesson 6)
price	the amount that people pay when they buy a good or service (Lesson 5)
responsibility	the ability to answer for one's conduct and obligations (Lesson 12)
saving	setting aside income, or money, for a future use (Lesson 3)
savings account	an account usually at a bank, from which withdrawals can be made (Lesson 8)
scarcity	the condition that occurs because people cannot have all the goods and services they want, resulting from the imbalance between relatively unlimited wants and limited resources (Lesson 4)
services	activities that can satisfy people's wants (Lesson 3)

spend	use earnings or money to buy goods and services (Lesson 3)
trade-offs	giving up some of one thing to get some of another thing (Lesson 3)
trust	assured reliance on the character, ability, strength, or truth of someone or something (Lesson 12)
unplanned spending	compulsive or impulsive use of money with little or no consideration of alternative choices (Lesson 6)
value of money	the ability of money to buy goods and services (Lesson 2)
wants	desires that can be satisfied by consuming a good or service (Lesson 4)
withdrawal	removing money from a place of deposit (Lesson 9)

Source: Saunders, Phillip and June Gilliard, editors. *Frameworks for Teaching Basic Economic Concepts with Scope and Sequence Guidelines, K-12.* New York: National Council on Economic Education, 1995.

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